CITY OF HURST, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2015

Prepared by:

City of Hurst, Texas
Finance Department

CITY OF HURST
TEXAS

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INTRODUCTORY SECTION

CITY OF HURST
TEXAS

February 23, 2016

Honorable Mayor and City Council Members
City of Hurst
Hurst, Texas

The Comprehensive Annual Financial Report (CAFR) of the City of Hurst, Texas (City) for the fiscal year ended September 30, 2015 is attached. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in the report.

This document is organized as prescribed by Governmental Accounting Standards Board pronouncement #34 (GASB 34). Accounting standards require the inclusion of a narrative introduction and an overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A, which is located immediately following the independent auditor's report.

The CAFR is presented in three parts comprised of the Introductory, Financial, and Statistical sections. The Introduction includes the transmittal letter, the City's organizational chart, and a list of principal officials. The Financial section includes the MD&A, government-wide financial statements, the fund financial statements and notes, combining statements and individual fund schedules, as well as the independent auditors' report on the financial statements and schedules. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The financial notes include comments related to GASB Statement #45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The City includes GASB 45 calculations and disclosures within its financials for fiscal year ended September 30, 2015. GASB Statement #54 (GASB 54), *Fund Balance Reporting and Government Fund Type Definitions* is incorporated within the financials for the fifth year. And, this year's CAFR also incorporates GASB Statement #68 (GASB 68) for the first time. The City met the GASB 68 implementation deadline, and financial information related to the City's pension program is appropriately recorded. In the future, new GASB pronouncements will continue to be applied according to their effective dates.

REPORTING ENTITY AND ITS SERVICES

Voters adopted the City of Hurst Home Rule Charter on December 29, 1956. The City operates under a Council-Manager form of government with the City Council consisting of a Mayor and six Council members elected at-large.

The City provides a full range of services, including public safety (police, fire, emergency medical protection, and animal services), municipal court, streets and drainage, engineering, traffic and transportation, water distribution, contracted sewer treatment, contracted sanitation, health, parks, recreation, senior living, library, conference center, public improvements, building inspections, neighborhood services, development, and general administrative services. The Hurst-Euless-Bedford, Birdville, and Grapevine-Colleyville Independent School Districts provide elementary and secondary education services within the City. The Tarrant County College Northeast Campus and a Dallas Baptist University satellite campus are also located within city limits.

ECONOMIC CONDITION AND OUTLOOK

The City of Hurst is located in north central Texas, in northeast Tarrant County, approximately nine miles from downtown Fort Worth and eighteen miles from downtown Dallas on SH-121, Airport Freeway (also known as the North Tarrant Express). Hurst's centralized location provides quick access to both Dallas and Fort Worth metropolitan areas and is fifteen minutes away from one of the World's busiest airports, D/FW International. The City has a total land area of 10.2 square miles and is 98% developed.

The political environment in Hurst has earned the reputation of a City Council having a professional and sincere approach with tenure providing a high degree of stability. Hurst's six at-large Council members and Mayor are very supportive of staff. They are open to receiving input from the public through surveys, town hall meetings and public hearings. The political stability exhibited by the City Council translates into sound policy direction that is carried out by the City's management team. The Council's policy direction has maintained the City's competitive advantage and high quality of life. Hurst's Council was recently named the Council of the Year by the Texas City Management Association.

The City of Hurst's economic condition remains stable, and core services were maintained while select programs or services were enhanced in 2014-2015. New businesses continue to move into the City and property values remain strong. Appraised property values dipped citywide in three of the previous six years; however, these declines followed fifteen years of significant growth. The City was not materially impacted by the national mortgage crisis, and property values remain above conservative estimates utilized in financial plans. Recent home sales in Hurst demonstrate that homes are selling quickly and purchase prices remain well above the average home value in the City, which is approximately $140,000. All indicators point to higher property valuations in 2016. Hurst remains a major retail-commercial center in the Tarrant County area. North East Mall, a regional shopping destination, and a number of quality shopping centers throughout the City provide sales tax revenue equaling approximately 25% of the revenues for the General Fund. North East Mall and other shopping destinations in Hurst benefited from higher sales totals in four of the past six fiscal years. May 2010 marked the end of a recession-driven, 19-month decline in sales tax earnings. Sales tax collections continued to climb in each month during fiscal year 2010-2011, and sale tax increases were recognized in nine of the twelve months in fiscal year 2011-2012. In 2012-2013, total sales tax collections were down less than a half-percent compared to prior year totals. Staff believes the slight reduction in 2012-2013 sales tax collections was primarily due to highway construction near the City's major retail centers. Highway construction was substantially complete in 2013-2014 and sales tax revenue increased by 3%. The sales tax revenue increase for 2014-2015 is 7%. It is important to note; however, that 2% of this increase, or approximately $500,000, was received based on results of a state sales tax audit. It was found that three janitorial service providers were not remitting the appropriate sales tax amounts to the City of Hurst. Such audits are performed routinely by the State of Texas Comptroller's Office. The City's adopted budget for next year includes an estimated 1% increase in sales tax earnings. This is based upon favorable economic development activity and a more confident consumer having the added benefit of lower energy prices.

Retail occupancy remains extremely strong in Hurst and new businesses are opening adjacent to the improved highway. North East Mall's full complement of anchor stores includes Nordstrom, Macy's, Dillard's, J.C. Penney's, Sears, Dick's Sporting Goods and Cinemark Theaters. All anchor stores are reporting local success. In addition, other tenant occupancy remains high throughout the mall, which is important to note given an unusually high number of lease expirations over the past five to seven years. Over thirty stores in North East Mall reached the end of ten-year lease agreements in fiscal year 2010-2011. Fortunately, most of the stores renewed their leases and vacated spaces were quickly backfilled. Newer stores and restaurants include Austin 5, Ever, Heaven Scent, 365+ by Image, James Avery Jewelry, Papaya Clothing, Think Geek, and White House Black Market. Many stores were remodeled and the owner, Simon Property Group, continues to reinvest in the property. Maintenance and renovation efforts have kept North East Mall in great shape for over forty years and the mall continues to be a popular shopping destination for Hurst residents and others from the Dallas/Fort Worth Metroplex. Simon renovated the food court in 2015, which is located at a main mall entrance. The food court now provides patrons charging stations for handheld devices and additional lounge areas for relaxation. The Shops at North East Mall are located just south of the mall property and include approximately thirty additional businesses. These retail centers provide substantial sales tax and property tax revenues to the City, and the City benefits from the expanded employment base. The Shops at North East Mall includes quality retail stores including Best Buy, Game Stop and others. Peripheral development around the Mall and Shops remains viable. Toys 'R Us, Babies 'R Us, BuyBuy Baby, Rebounderz, Lifeway Christian Store, and other strong retailers remain in the mall's periphery. Improvements within this area will continue into the future. A private developer recently commenced construction of a new Wal-Mart Neighborhood Market in one of the City's redevelopment zones near the mall. The Wal-Mart Neighborhood Market will offer a drive-thru pickup service, which is a new concept for Wal-Mart. North East Mall is also acting as an anchor to a growing entertainment district. A new high-tech laser tag facility was recently opened, and iFly, an indoor skydiving facility (iflyworld.com), will open in Hurst in the spring of 2016. A traditional Putt-Putt location will also be transformed into a new Alley Cats Entertainment venue in 2016. This will add bowling lanes in Hurst along with other entertainment options. Transforming Hurst redevelopment efforts will help preserve the financial integrity of the City's existing property and sales tax bases.

Several factors support the City's continued financial strength: a half percent (half-cent) sales tax for crime control and prevention purposes; a half percent (half-cent) sales tax for Community Services' projects; a strong retail base producing sales tax revenues; strong property valuations; and the City's overall fiscal approach. The barometer of local economic conditions has traditionally been sales tax receipts. The City's economic development efforts in the retail sector have strengthened this important revenue source. Annual sales tax revenue collected by the General Fund has grown by approximately $1.4 million over the last ten years. Fiscal year 2014-2015 sales tax receipts, prior to economic development agreement adjustments, increased by 7% when compared to prior year. The City's financial policies call for the annual sales tax budget to be conservatively calculated. This generally means the proposed budget is set at an amount equal to prior year returns minus a budgeted contingency or reserve, which is usually $500,000 to $800,000. The budget reserve is set aside for potential economic downturns. Last year's increase in sales tax returns exceeded budget projections; therefore, the budgeted sales tax contingency positively impacted year-end governmental fund reserves. The City plans for sales tax revenue in fiscal year 2015-2016 and subsequent years to remain relatively flat. This approach is carried in the City's multi-year financial plan and remains consistent with the City's conservative budget practices. Financial planning and conservative budgeting are evidenced through the strength of the included financial statements and quality bond ratings.

Ad valorem property tax revenue is also a primary revenue source for General Fund operations. For Tax Year 2015, appraisal values remained relatively flat. The Tarrant Appraisal District (TAD) is an independent agency providing property appraisal services. TAD upgraded its software last year, and a system issue prevented the update of several property accounts throughout the county. As such, previous year values were reported even though values were rising due to improved economic conditions. City staff believes the 2016 appraisals will include relatively high growth, but the budget remains conservative. Appraised values rose in three of the prior seven years. Values increased by 3.6% in 2014, by 2.7% in 2013, and by 1% in 2012. Tax Years 2009 through 2011 saw appraisal decreases of 0.7%, 5.8% and 0.2%, respectively. And, 2015 values fell by less than 1%. Appraisal value decreases over the past seven years were partially offset by debt refinancing in 2010, 2011, 2012, 2013, and 2015 allowing more property tax revenue to be directed to General Fund operations. Prior to the latest recession, the City had fifteen consecutive years of value increases. The highest historical increase was 16.3% for Tax Year 2001 due primarily to North East Mall redevelopment. A 2% increase in values is expected for Tax Year 2016 given improving economic conditions and development projects planned within the City. The City will incorporate both optimistic and worst-case property value projections in its strategic planning process to be held in March 2016. Potential tax rate changes will be considered during the strategic planning process. The City's current tax rate, $0.61056 per $100 in property valuation, is slightly higher than the rate levied two decades ago. The tax rate was reduced nine times over the past twenty-three years reaching a low of $0.499 in Tax Years 2001 to 2005. Each year the City considers tax rate changes in relation to several variables including property values, other revenue estimates, and the City's desired service levels. The tax rate was increased by three cents from $0.578 to $0.608 cents per $100 of valuation for Fiscal Year 2012-2013. This rate increase was utilized to finance the construction of a new voter-approved Justice Center and related parking facilities in Hurst Town Center. The tax rate was lowered by around a quarter-cent for Fiscal Year 2014-2015 given the higher-than-expected increase in property values.

The City looks forward to ongoing private sector projects that will provide an additional boost to property values in coming years. A new senior center, fire station and conference center were opened over the past seven years and are public sector contributions to "Transforming Hurst" redevelopment efforts. These facilities will spur surrounding private sector development. For example, an independent living complex was constructed near the new senior center. The independent living complex opened in the spring of 2014 and the facility reached full occupancy in 2015. The City provided backing on $1.2 million of project funding as part of an economic development agreement with the developer. The City renewed its support of the project financing in 2015 and staff expects the liability to be released in the next twenty-four to thirty-six months. The developer plans to sell or refinance the property during this time. Just east of this project, a new Wal-Mart Neighborhood Market is being constructed. The state-managed highway expansion project, North Tarrant Express (www.northtarrantexpress.com), also provides opportunities for redevelopment in Hurst. Several commercial buildings near the highway were razed creating an opportunity for new development. The City is currently working with numerous brokers and developers to fill the remaining space. A new bank branch and several new restaurants recently opened, and many other exciting development possibilities are under consideration. Much of the property value lost over the last seven years is related to the highway project and the associated loss of residential property. Commercial properties were not as severely impacted and opportunities exist for new businesses. The highway expansion also provides more efficient traffic flow to North East Mall and other Hurst destinations.

Property tax revenue will largely support a General Fund expenditure budget that increased by 1.76% from the previous year's adopted budget. Fortunately, local economic conditions are stable and showing signs of improvement, as reflected in the City's fiscal year 2015-2016 budget. Employee pay increases of 3% were approved by City Council. The pay increase will help offset the impact of increased health premiums being paid by employees. The budget also includes funding for: one-time capital purchases for public safety and public works, an enhanced information technology replacement program, utilities and other costs associated with opening the new Justice Center, and continuation of all other services and programs. The 2015-2016 budget increase is partially offset by a reduction in utility costs citywide. Budgeted utility costs were lowered due to a decrease in wholesale energy prices and the City's efforts to make facilities more energy efficient. The cost of employee health care benefits continues to increase. Each year, the City's health care plan design and wellness program are tweaked to help slow rising costs. The City's benefits remain competitive in the local employment market. The City also continues to fund an irrevocable trust under GASB 45 and actuarial calculations call for annual contributions to be made without having to increase next year's budget. Ad valorem property tax revenues continue to provide a stable funding source for the budget.

A proactive, multi-level Fiscal Management Plan was utilized to guard against financial instability over the past ten years. The City's fiscal condition has been protected during economic downturn primarily through the enactment of Level I of the Plan, which consists of freezing vacant part-time positions and deferring most new and replacement capital purchases unless City Manager approval is granted. There were no reductions in major programs or services and all budget objectives were accomplished. Effective September 2005, several provisions of the Level II Fiscal Management Plan were implemented due to escalating fuel prices and other energy costs related to hurricanes Katrina and Rita. Capital purchases were frozen and program spending levels were lowered until local economic conditions were reevaluated. After approximately six months, the economy experienced a recovery and restrictions were lifted. The City's Level I Fiscal Management Plan was reinstated in November 2006 due to a decline in sales tax revenue when compared to prior year. Level II was again implemented in February 2008 and was escalated to include selected portions of Levels III and IV in March 2009. Fees were analyzed and increased where appropriate, vacant positions were frozen or removed from the budget, new revenue sources were identified and created, and mandatory budget reductions were implemented. This plan remained in effect until mid-2011 and savings of approximately $395,000 continue from staff positions that were removed or frozen. Improvements in retail sales activity and stabilization of property values prompted staff to return to Level I of the Plan in the last four fiscal years. In 2015-2016, all hiring and capital expenditures must have special approval of the City Manager and budgets will continue to be monitored monthly by the City Manager and Fiscal Services. The Fiscal Management Plan is an important component of daily operations and long-term strategic planning. Proactive and conservative planning continues to provide financial stability and allows the City to maintain quality services and programs.

MAJOR INITIATIVES

FISCAL YEAR 2014-2015 - During the past fiscal year, the City of Hurst implemented and completed several major projects and programs. Departmental missions and programs are highlighted as follows:

The Public Services Department is dedicated to providing a broad range of support services to staff and citizens through the Legislative and Public Information Divisions. The Legislative Division worked to effectively represent the residents of Hurst and improve the quality of life throughout the City. The Hurst City Council remains engaged with both U.S. and state congressional leaders while also actively participating in professional associations like the Texas Municipal League (TML) and the National League of Cities (NLC). Duties of the Public Information Division include the administration of elections, timely preparation of agendas and minutes to accurately record the proceedings of City Council meetings, and the oversight of public records. In 2014-2015, the Public Information Division filled approximately 300 open records requests, conducted a city election, and coordinated approximately 50 public meetings. Public Information also updated the City's electronic code of ordinance, managed a successful boards and commissions applicant process, refined City Hall reception area processes to enhance customer service, and managed a successful boards and commissions applicant process. Each year, Public Information staff attends training sessions to maintain their professional certifications.

The Administration Department effectively executed City Council policies, programs and directives, conducted City operations in an efficient and effective manner and responded promptly to citizen inquiries and requests. The annual strategic planning process was completed by executive directors in March, followed by presentation of the updated Strategic Plan to City Council in August. Strategic planning is a major component of the budgetary process and is a critical tool used to help manage the ever-changing economic conditions. In 2014-2015, the executive management team com-

pleted a series of leadership exercises based upon Patrick Lencioni's book, *The Advantage*. The goal of monthly meetings was to strengthen the bonds within the executive team, focus on maintaining organizational health, and to create a more consistent management approach citywide. Focused and conscientious actions and efforts, at all levels of the organization, will help build a more disciplined organizational culture that will endure key management retirements and other obstacles in the future. Administration also continued its leadership and management development programs. Employees selected through an application and management screening process are offered specialized training and mentorship opportunities to insure the organization's next generation of leaders are well-prepared. The most notable development program within the City of Hurst is the Leadership Blueprint program. This program proactively prepares the City's future management-level leaders. In 2014-2015, Kyle Gordon, Parks Director, and Tracy Whistler, Fire Battalion Chief, completed the Leadership Blueprint program. Employees selected for the Blueprint program participate in mentorship, personality profile, and leadership development exercises. Typically, two employees are selected each year to participate in Leadership Blueprint activities.

The General Services Department is committed to providing timely, cost-effective services and programs to the City's departments, businesses and all Hurst residents, stressing service responsiveness, quality and efficiency through the Equipment Services, Judicial and Utility Billing Divisions. Equipment Services provided repair and preventative maintenance services for 270 pieces of equipment and several stationary units located throughout the City in 2014-2015. All departments that own equipment received services. Equipment Services also updated its long-range plan to insure equipment replacement continues to occur when appropriate based upon age, condition, mileage and other factors. A sound replacement schedule helps the City avoid more costly repair and maintenance costs associated with aging equipment. Equipment purchased in 2014-2015 included a new vehicle lift, nine patrol vehicles for Police, a chassis replacement for an emergency medical vehicle, and a total of four maintenance vehicles for the Public Works and Community Services departments. All equipment purchases were scheduled for replacement in 2014-2015. The City's fleet also includes fifty-eight environmentally-friendly, flexible fuel, and low emission vehicles. The City's inventory of alternative fuel and other environmentally clean vehicles currently exceeds the EPA Clean Fleet vehicle acquisition mandate. In 2014-2015, the Utility Billing division processed approximately 12,000 bills monthly and ensured all daily collections were deposited within twenty-four hours. The Utility Billing division changed out just over 1,200 aging meters throughout the City, which generally results in more accurate meter readings. Utility billing was also able to lower service interruptions each week by providing customer service courtesy calls prior to disconnecting service for late payments. The Judicial Division effectively handled approximately 20,000 court cases and also continued to insure the integrity of all court documents while utilizing Paper-Lite dockets (electronic document imaging and forms management system). Municipal Court also moved operations from City Hall to the newly constructed Hurst Justice Center. The new space provides enhanced security, improves customer privacy, and provides improved work flow efficiency. Municipal Court also "re-branded" the Court Marshal program by updating uniforms, changing job titles, and moving from unmarked to marked vehicles. Various other Municipal Court operations and enhancements have been supported through three special revenue funds: Court Technology, Court Security, and Juvenile Case Manager. A certain percentage of all fine revenue is allocated and restricted to each of these special revenue funds.

The Community and Economic Development Division sets a high priority on private development within Hurst by individually guiding contractors and property owners through review and approval processes. The division provides current demographic data, economic data, and site location information to brokers, developers and business interests in an effort to build relationships and expand the local economy through the retention and attraction of existing and new businesses. Plans were updated in 2014-2015 to continue a concentrated effort on redevelopment through the Transforming Hurst initiative. Redevelopment efforts focus on an appropriate mixture of quality residential and commercial properties to revitalize and enhance the quality of life in targeted areas of the City. All redevelopment efforts will be through public-private partnerships and Economic Development is responsible for building successful relationships with the City's "community partners." Over the past seven years, the City opened a new fire station, new senior center and conference center. In addition, the library and recreation centers were renovated and other infrastructure improvements were completed. These projects represent major improvements in redevelopment areas and have already inspired surrounding private development. In addition, the City's Economic Development Director continued to concentrate on the needs of local businesses while the Managing Director of Development remained focused on community-based needs. Each individual's efforts are important to supporting property values and the local economy. In 2014-2015, staff coordinated a city-sponsored program resulting in $85,000 worth of improvements to 22 homes in Hurst. Hundreds of volunteers, including dozens of city employees, donated their time to perform general home repair, painting, landscaping, roofing, and light construction work. To qualify for assistance, financial and physical limitations of homeowners are considered by a committee that selects the homes in need of repair or maintenance each year. All City inspectors received continuing education as well as other training to maintain proficiency in their assigned fields. Building inspectors also conducted

multi-family inspections to insure that all apartment complexes provide code-compliant, safe living conditions. Multi-family inspections resulted in $350,000 in improvements to complexes throughout the City in 2014-2015. The quality of life for leasing tenants and adjacent properties is improved or protected as a result of the Multi-Family Inspection Program. A similar inspection program also exists for single family, rental homes. In 2014-2015, the City continued to work jointly with Allied Waste to offer bulk trash disposal events. Events are held in the fall and in the spring for residents to clean up their properties and dispose of unwanted and hazardous debris at no charge.

The mission of the Fiscal Services Department is to administer and provide fiscally responsible control and guidance for all financial matters of the City while complying with all applicable City, State, and Federal mandates. In addition, Fiscal Services develops and implements plans to invest in technology that provides reliable services to internal and external customers. In 2014-2015, the Department consisted of Finance, Budget, Information Technology (IT), Purchasing, and Risk Management. The Fiscal Services Department managed the City's most recent debt issuance for Pipeline Road reconstruction and the replacement of various water/wastewater mains throughout the City. In 2014-2015, the City also refinanced $4.9 million of previously issued debt resulting in approximately $280,000 of interest savings. In conjunction with the July 2015 issuance, the City received reaffirmation of sound credit ratings. In addition, Fiscal Services received its fortieth Certificate of Achievement for Excellence in Financial Reporting. The Budget Division received its twenty-seventh consecutive Distinguished Budget Award. In the third quarter of fiscal year 2014-2015, the Finance and IT divisions teamed up to successfully upgrade the City's Oracle Public Sector Financials system. This upgrade should minimize the need for system changes over the next five to seven years. The Risk/Purchasing function secured a procurement card program rebate of approximately $50,000 and maintained over 100 annual purchase agreements with various vendors. The Risk/Purchasing Division primarily insures that the City remains in compliance with state and local statutory purchasing requirements and insures that appropriate safety measures and insurance requirements are met. IT worked with Tarrant County to stabilize a shared computer-aided dispatch and records management system. The system, which is in its second year of operations, provides additional data to officers on patrol and enhances public safety interoperability. IT also provided its customary "help-desk" services to over 400 users, and IT staff worked diligently with police and court staff to ensure all IT equipment was installed in the new Justice Center according to construction schedules. All police and court operations, with the exception of emergency dispatch and jail, moved into the new Justice center last year. In addition to work responsibilities, all Fiscal Services employees remained actively involved in the City's leadership development programs.

The Human Resources Department strives to serve the City and its employees with excellence by establishing Human Resources as a valuable resource in employee and management coaching while maintaining compliance efforts. In 2014-2015, wellness screenings for over 200 employees, retirees and their spouses were successfully coordinated. The screenings are an annual project, provided under the City's overall Wellness Program, and assist in identifying health conditions before they may become major expenses in the form of medical costs, increased sick leave usage, and decreased productivity. Screening results were made available at the City's annual health fair. In spite of the Wellness Program and other cost-containment efforts, the city's healthcare expenditures continued to increase over the past two years. Cost increases are primarily related to rising medical industry costs. It is important to note; however, that Hurst's costs remain within industry norms due primarily to the efforts of Human Resources and the city's management team. In 2014-2015, the Executive Director of Human Resources worked with a local benefits consultant to negotiate the city's third-party administration and ancillary insurance rates. The City of Hurst elected to continue using Cigna as its third-party administrator, and the city's consultant assisted in negotiating the proposed rate increase from double digits to just over 3%. The rate increase was also minimized through City Council's approval of staff recommendations to eliminate one of the city's three health care plans, to increase specialty drug rates, and to increase patient deductibles on the primary plan. In 2014-2015, Human Resources also continued to support the "Code of Ideals Never Stop" (COINS), Ambassador of the Month/Year, and "On the Spot Award" programs. All departments participate in these programs, which allow co-workers and customers to recognize Hurst employees for exemplary efforts. The City of Hurst also completed its sixth annual employee conference last year. The conference was held in the Hurst Conference Center and was offered to all City employees with outside guests invited to speak. Most of the conference sessions were aimed at reinforcing an organizational culture that fosters doing business the "Hurst Way." Human Resources also managed the Service Awards luncheon in 2015. Numerous full and part-time employees were recognized for their longevity with the organization. Ambassadors of the Month and Ambassadors of the Year winners were also honored. Congratulations to Lana Vidakovic, Municipal Court, and Kyle Gordon, Community Services, for being named Ambassadors of the Year.

The Police Department is dedicated to providing exceptional service to its citizens and employees through a problem solving approach emphasizing a commitment to "Excellence through Teamwork." In 2009-2010, a twenty-year extension of the Police Department's Anti-Crime Sales Tax Fund was approved by an overwhelming majority of voters.

The Police Department will continue to receive ½ cent sales tax from all eligible transactions, which generates approximately $5.1 million per year. The department also completed its fourth year of operations utilizing a state-of-the-art digital radio system designed by Motorola. The radio system was purchased under a seven-year lease, which was determined to be the best financing avenue after detailed analysis was performed including present value calculations. Associated principal and interest payments were booked appropriately within the Anti-Crime fund for 2014-2015, and the final lease payment will be made in fiscal year 2017-2018. The digital radio system allows interagency communication to insure the City is better able to handle serious, regional emergencies. The system will also allow full interoperability between the City's police officers and firefighters from Hurst and surrounding communities. All equipment will be owned by the City subsequent to reaching payoff. In 2014-2015, the Police Department further enhanced technological capabilities through implementation of a new records management and computer aided dispatch system. The system is being maintained by Tarrant County, and it provides officers an enhanced level of criminal background information with connectivity to additional crime databases. Last year, Police personnel, with the exception of jailers and 911 dispatchers, moved into the new voter-approved Justice Center. Construction of the jail and dispatch areas will be completed in 2015-2016. The Justice Center is located in Hurst Town Center and provides much needed enhancements for Police and Municipal Court operations. Additional jail space will be added, locker rooms were upgraded, the dispatch center will receive technology upgrades, and interview rooms will be moved to more private locations. Municipal Court now has private meeting space for attorneys and their clients and the court is more accessible to Police Department staff. The Police Department's Commercial Motor Vehicle Inspection Program also had a successful year. Many unsafe commercial trucks were removed from roadways for critical repair and maintenance. Roadway construction and increased industrial activity has substantially increased the number of large trucks traveling within the City.

The Fire Department is committed to excellence by providing aggressive fire prevention, professional fire protection, rescue, emergency medical service, hazardous material response, and emergency management. The Department continues to remain prepared and insures the proper level of training in: firefighting, emergency medical services, hazardous materials, extrication, rescue, explosive response, and weapons of mass destruction. The Department continues to meet the needs of businesses and residents through a multitude of programs. Each October the Fire Department sponsors an "Open House." All citizens are treated to the display and demonstration of fire apparatus and equipment. The ambulance subscription program remains in place. For a $60 annual fee, members (on a household basis) receive ambulance services at no additional out-of-pocket cost (insurance charges remain in effect). The Fire Department provides onsite inspections for businesses and also performs arson investigations when necessary. Educational activities include pamphlets distributed seasonally, publications to address specific safety concerns, publishing of safety messages in newsletters, home inspections, fire extinguisher operation training, and an annual Fire Safety Education Program taught in every Hurst elementary school during Fire Prevention Week. In 2014-2015, the Fire Department worked with its partners in the Northeast Fire Department Association (NEFDA, www.nefda.net) to update its equipment replacement program. NEFDA was developed by Hurst and other cities in Northeast Tarrant County to combine manpower, ideas, and education for "specialty" public safety operations. Various cities possess and maintain equipment specially designed to respond to regional incidents involving hazardous materials, technical rescue, swift water rescue, mass casualties, and explosives. Most equipment was originally purchased with state or federal grants and each member city will contribute funds to an equipment replacement program annually. Hurst agreed to act as the treasurer for the program and made preparations to carry NEFDA proceeds in a non-reportable fiduciary agency fund. Replacement of specialized equipment will allow continued success for NEFDA operations well into the future. In 2014-2015, the Fire Department also answered approximately 4,500 calls for service and responded to 90% of these calls in six minutes or less.

The Public Works Department provides quality services to citizens through water, wastewater, traffic and drainage systems, while maintaining a safe and efficient working environment. The Engineering Division oversaw the design and construction of numerous street, drainage and water/wastewater infrastructure projects. During 2014-2015, the Street/Drainage Division performed quality maintenance of streets and drainage systems, maintained all traffic control devices, insured the safe and efficient movement of traffic along City streets, and completed six major projects. Some of the work performed by Streets included overlay of five lane miles of road surface and 46,200 square yards of crack seal. Such preventative maintenance efforts help extend the life of roadway and delay more costly reconstruction efforts. Streets also upgraded eighteen school flasher warning systems and replaced 805 feet of sidewalks and 2,107 feet of curb and gutter. The Water Division provides safe drinking water in sufficient volumes and under adequate pressure. The Water Division maintained 200 miles of water mains and performed water system repairs as needed. In addition, the City's water system continues to be maintained as a "Superior Public Water System" according to Texas Commission on Environmental Quality (TCEQ) standards. The Wastewater Division insures the wastewater collection system's infrastructure integrity and continues to be in compliance with the Sanitary Sewer Overflow Initiative. The Initiative includes a proposed ten-year sewer main replacement schedule along with best management practices for root control, grease

control and a routine sanitary sewer main cleaning program. Staff submitted the sixth annual report to TCEQ describing the effectiveness of this program in 2015.

The Community Services Department is committed to improving the quality of life for all citizens through the development, implementation, and maintenance of all City parks, recreation, library, and senior programs and facilities. Major accomplishments during fiscal year 2014-2015 include replacement of the playground equipment at Central Park, replacement of scoreboards at Chisholm Park, major Hurst Recreation Center upgrades, and substantial completion of the Chisholm Aquatic Center renovation. The Department also continued its work on a number of other programs such as citywide beautification and park infrastructure maintenance. These improvements, as well as several other completed projects, are a direct result of the implementation of the Half Cent Sales Tax Capital Improvement Program. Funding from the Half-Cent Sales Tax has enabled the City to improve existing facilities, construct new facilities, enhance existing programs, purchase replacement equipment, develop new recreational and cultural opportunities, and provide adequate staffing for operation and maintenance of facilities. Special Events, several of which were co-sponsored by local businesses, included the Christmas Tree Lighting Ceremony, the John Butler Memorial Senior Citizens' Banquet, Santa's Mailbox, the Kid's All-American Fishing Derby, Concert in the Park and EGGstravaganza, to name only a few. A popular community activity, the Hurst Stars and Stripes 4th of July Event, was held for the thirteenth consecutive year with an estimated 35,000 people in attendance. Stars and Stripes has become Hurst's "signature" event, and was very successful again in 2014-2015. It is a day-long event providing a multitude of community activities for all ages and ending with a spectacular fireworks display. The Central Aquatic Center's season included a total attendance of approximately 26,900. Chisholm Aquatic Center remained closed in 2014-2015 while under construction. Plans were to complete the aquatic center renovation prior to the 2015 season; however, inclement weather delayed construction. The net financial impact of not opening the park was a loss of $55,000, which was absorbed with Community Services Half Cent Sales Tax Fund reserves. The popularity of the Aquatics Division can be attributed to well-maintained facilities with many exciting and updated water features. Additionally, the City offers programs like Learn-to-Swim (LTS). Last year, 992 swimmers, ages 6 months to adult, participated in the LTS program. The Library continued to provide community services and special programs including the well-known Master Works Music Series, preschool story times and special adult programs on a variety of topics. In 2014-2015, approximately 164,000 library patrons borrowed nearly 440,000 items from the Library's collection. The Senior Citizen's Activity Center maintained a membership level of 1,660 in fiscal year 2014-2015. Members and their guests visited the Senior Activity Center over 109,000 times during the year. Amenities of the 27,500 square foot Senior Center include a large state-of-the-art fitness center, arts and craft studios, a large multi-purpose room with a wooden dance floor, a commercial grade kitchen with attached café area, classrooms, a computer center, a billiards room, a game room, a library, staff offices and a conference room. In 2014-2015, the Facilities Maintenance Division addressed major roofing, plumbing, HVAC and other issues that were identified as a result of a thorough inspection of all City facilities. Ongoing facility maintenance helps extend the useful life of facilities, which delays more costly replacement and major repair costs. Community Services also oversees the "Volunteers-in-Action" (VIA) program, which is an award-winning volunteer program. VIA was the first municipal volunteer program in the State of Texas and is known as one of the most successful. Approximately 100 volunteers currently donate their time on a regular basis in divisions such as Library, Police, Senior Center, and Recreation, just to name a few.

FISCAL YEAR 2015-2016 - Departmental projects and programs are being planned and developed for fiscal year 2015-2016 some of which are highlighted as follows:

The Public Information Division will continue to administer national, state, and local elections. In 2015-2016, the Public Information Division will also focus on staff cross-training, enhanced use of document imaging, and further incorporation of the City's customer service programs within the department. The desired results are maximum productivity and friendly, comprehensive, and efficient customer service. Public Information staff will also maintain professional certifications, continue to prepare City Council agendas, and continue to accurately record the proceedings of City Council meetings.

A major initiative for the Administration Department will be continuation of the Customer Service Program. A citywide program has been designed to provide a positive, personal experience for each individual or agency that comes in contact with the City of Hurst. Implementation of the program and the origination of a Code of Ideals by employees have been major accomplishments. In fact, statistically significant surveys of Hurst residents have shown improved customer service satisfaction since the implementation of the City's Customer Service Program. For 2015-2016, the main focus will be on the continuation of in-house training for all employees, continuation of the City's Annual Employee Conference, and leadership development based upon Marshall Goldsmith's book *Triggers*. Over the past three years, Jim Collins' book *Good to Great*, John Maxwell's book *5 Levels of Leadership*, and Patrick Lencioni's book *The Advantage* were utilized for employee training at all levels of the organization. Select employees trained co-workers and led *Good to*

Great discussions. During this time, the City determined what it means to operate "The Hurst Way." The City of Hurst is deeply passionate about public service, we believe we can be the best in the world at customer service delivery, and our economic engine is driven by redevelopment while nurturing existing development. These beliefs, along with the Code of Ideals, are prioritized as we hire, train, and manage employees each day. The framework of all related training is aimed at reinforcing employees' self-discipline and leadership skills. In 2015-2016, the City Manager will continue to plan for future retirements. Past leadership development activities should result in a more disciplined organizational culture and workforce that is prepared to endure key management retirements and other obstacles in the future. In fact, the City Manager's stated goal is to fill vacated positions with internal candidates when possible. The City expects several management-level retirements to occur over the next five years.

Administration will also continue to focus heavily on redevelopment efforts in 2015-2016. The Director of Projects and Facilities is currently overseeing the final phase of the renovation and expansion of the existing Police Department building. A bond election was held in May 2012 for voters to consider the new Police Department Justice Center and parking facility. The bond proposal passed and $16.5 million in General Obligation debt was issued to help fund the project that totals approximately $20 million. The parking garage and new building portion of the Justice Center opened in 2015. The new building houses the majority of Police personnel and Municipal Court operations. Phase II of the project will be completed in 2016 and includes the renovation of the old police station. The phase II building will house the jail, dispatch center, and property and evidence room. The City contracted with a neighboring city, Euless, to care for its prisoners until construction is complete. And, the City's public safety dispatch center is temporarily located at Hurst's Fire Station #2. Staff is also working to facilitate private activity in redevelopment areas and will also focus on planning efforts for the final Transforming Hurst project, Bellaire area development in southeast Hurst. Both public and private redevelopment improvements will help insure that the City of Hurst remains a viable and well-sustained community. For example, a new senior independent-living facility was recently opened in Heritage Village near the City's new Senior Citizen Activity Center and Fire Station #2. And, a private developer is currently building a new Wal-Mart Neighborhood Market and adjacent shopping in the Heritage Village area. In Hurst Town Center, two hotels completed major renovations and another 140-room hotel will be constructed adjacent to the Hurst Conference Center in 2015-2016. Conservative estimates indicate that the new hotel should provide over $200,000 per year in hotel/motel taxes. These taxes are used to fund tourist programs and to support operations of the Hurst Conference Center. Private investment in the City's redevelopment zones is the desired outcome of the City's investment in these areas.

General Services Divisions will continue to provide services in a timely and professional manner. In 2015-2016, the Utility Billing Division will continue to strive to maximize productivity while maintaining billing accuracy. Staff is looking forward to the implementation of upgraded Utility Billing software and a new field work order system on laptop computers. The Utility Billing division is also researching the acquisition of a Mobile App for customers to pay their utility bills on their phone, and a pilot program will be launched to test electronic meter reading for select commercial accounts. Many commercial meters are difficult to access for the City's meter readers. Equipment Services will continue looking for ways to improve an already high level of customer satisfaction and lower controllable costs. In 2015-2016, staff will address federal initiatives to place environmentally clean vehicles on the road. Utilization of clean burning, low-emission propane fuel has decreased major power train repairs and allowed for extended service intervals. Equipment Services will also continue to utilize privatization of specific services and cooperative purchasing programs to reduce overhead costs. Cost-saving measures have become crucial for Equipment Services given the fluctuating costs of electricity, gasoline, and other operational goods and services. The 2015-2016 budget was approved with conservative fuel price estimates. Budget savings will be achieved if prices remain lower-than-expected. Approved 2015-2016 equipment purchases include eight patrol vehicles for Police, a replacement vehicle for a Fire Battalion Chief, and a total of seven maintenance vehicles for the Public Works and Community Services departments. All equipment purchases are scheduled for replacement in 2015-2016. The Judicial Division will work on implementing an electronic payment system for sharing funds across jurisdictions. Such a system will allow Hurst and partnering cities to relinquish funds for outstanding warrants electronically versus by check. The electronic payment system would also provide the option of officers collecting credit card payments in the field, which would cut down on arrests and free up officers to remain on patrol for longer time intervals. Municipal Court staff will also work to provide additional forms in multiple languages to lessen the need for interpretation services.

The Community and Economic Development Division is responsible for supporting and retaining business and for executing neighborhood partnership plans. Development publishes two major documents to help achieve their business-related goals: the *Hurst Retail Business & Restaurant Guide* and the *Hurst Business & Professional Services Guide.* The division will continue to establish initiatives to enhance and enrich neighborhood values and to attract and retain businesses. In order to maintain stable economic conditions, it is important to form strong relationships with Hurst busi-

nesses and community members. The City will continue to provide support for the City's Good Neighbor and Employee Giving programs. The Good Neighbor Program includes two bulk trash disposal events jointly sponsored with the City's sanitation services provider. Residents can dispose of debris and hazardous waste free of charge. Through a joint effort with the Police Department, document shredding and vehicle identification number etching are also offered during Good Neighbor events. In 2015-2016, the City will also host an additional household hazardous waste event where residents can drop off items (e.g., paint and other similar materials) at the City's service center. The event is being planned and information will be sent to residents when a date and time is established. During Employee Giving Day, City employees and local businesses join forces to improve around five to ten residential properties each year through general landscaping, minor structural repair, painting, and other activities. Homes are selected based upon information provided by applicants to the program. Community Development will also work with other city departments to review and update ordinances for Council consideration. The City Manager and City Council identified ordinance updates as a major work program in 2015-2016.

The primary goals of the Fiscal Services Department are to continue looking for opportunities to enhance departmental efficiency, effectiveness and customer service. In 2015-2016, the Information Technology (IT) division will upgrade the City's work order system used by Public Works (IFUND) with a more modern management system. IT will also migrate away from the virtual desktop environment due to intermittent service interruptions and a cost-benefit study that supports desktop PCs. A scaled-down virtual network will be maintained for the use of tablets by a limited number of employees. IT will wrap up its work on the new Justice Center by relocating the facility's data network center, and will work to outfit the dispatch center with state-of-the-art equipment. Fiscal Services will also look for opportunities to refinance existing debt, will prepare for the issuance of debt for Central Aquatic Center improvements, Hurst Recreation Center improvements, and Pipeline Road reconstruction. Fiscal Services will continue focusing on quality customer service while operating in a manner consistent with the City's Code of Ideals and "Good to Great" initiative. The City's budget document and CAFR will, once again, be submitted to GFOA for award consideration.

The Executive Director of Human Resources will partner with the City Manager's Office to continue moving from "Good to Great." Human Resources will , once again, offer a supervisor training program covering topics such as "The Alphabet in Federal and State Laws" and "Performance Evaluations: Good Conversation and Good Documentation." The City's leadership development programs resulted in several employees receiving recent promotions into managerial positions. Tenured supervisors can use the training to refresh their knowledge while new supervisors will receive information that is necessary to handle their essential job duties. Human Resources will again work with the City's contracted Wellness Coordinator to continue providing an award-winning wellness program. New fitness programs will be available for all employees and the Annual Health Fair will continue to supplement the program. The overall objective of the Wellness Program and clinic is better quality-of-life for employees with continued stabilization of rising health care costs. Human Resources' work program for 2015-2016 also includes an effort to solidify and update departmental procedures to insure legal compliance and excellent service to City employees.

The Police Department in fiscal year 2015-2016 will continue to provide exceptional service to the citizens and guests of Hurst. The Police Department will continue to provide technologically advanced equipment with plans to implement an interface between the Police records system and Municipal Court system to automatically share information related to commercial motor vehicle violations. With the interface, police officers and court employees can perform their commercial motor vehicle inspection activities in a more efficient manner. The Police Department will also continue to expand its crime prevention programs and continue use of its volunteer Citizens on Patrol. Most notably, the Police Department will assist in renovation of the old Police building and conduct a final move into the new Justice Center. The Police Department plans to begin using body cameras on approximately half of its patrol officers. This pilot program will be substantially funded through a federal grant program. Many officers welcome the program given the national trend of questioning officer authority and service delivery. Hurst remains an accredited and award-winning police agency that is highly respected in our community. Finally, the Police Department remains committed to strategically placing patrol units within the community to maintain a five minute response to priority one calls.

For the Fire Department, fire prevention is one of the most important functions. The Fire Department will continue to offer free smoke detectors and replacement batteries in an effort to insure residents have proper warning devices in their homes. In 2015-2016, the Fire Department plans to begin upgrading outdoor siren warning sites. There are eight locations costing approximately $25,000 per site. The Fire Department will continue to be responsible for emergency ambulance transport. In-house ambulance operations enhance customer service and allow for quality control. This service also enhances the City's first response program, where trained paramedics respond to all medical emergencies under the direction of an Emergency Medical Director. The Fire Department will also replace aged cardiac monitors and patient stretchers. Each year, the City replaces public safety equipment in an effort to provide excellence in customer service.

Major projects for the Public Works Department in 2015-2016 include the reconstruction and maintenance of major street and drainage infrastructure throughout the City. Ten major projects are planned and additional projects will be added to address needs identified throughout the year. The Streets division will continue its road maintenance program while replacing street name signs, regulatory signs, and street signals throughout the City. Streets will also coordinate and perform opticom maintenance in concert with the Hurst Fire Department. Opticom equipment enables firefighters to actively manage traffic signals while traveling to emergencies. Opticom minimizes the risk of accidents while the Fire Department responds to emergencies. The Water Division will work to replace approximately 5,000 to 6,000 linear feet of water mains. The Water Division will also work to minimize the max hour/max day demand cost component from the City of Fort Worth and will enhance water quality through creation of a nitrification action plan as required by the Texas Commission on Environmental Quality. In 2015-2016, Public Works will refurbish a sewer jet/vacuum truck. The truck will continue to assist crews when clearing restrictions or blockages in sewer mains, and the repairs are necessary to ensure environmental regulations are met. Public Works will quadruple the linear footage of sewer mains replaced next year (2,000 to 8,500 feet) with the additional $600,000 in Certificates of Obligation funding issued in 2014-2015. An additional $600,000 was issued for the replacement of 6,000 feet of water mains as compared to approximately 1,000 feet in recent years. The department will also test and repair 125 commercial water meters next year. Public Works handles meter repair and replacement for large commercial meters while the Utility Billing division typically handles the replacement of smaller meters.

Upcoming 2015-2016 projects for the Community Services Department include completion and Grand Opening of Chisholm Aquatic Center, begin Central Aquatics Center renovations, Redbud Park playground equipment replacement, Recreation Center roof repair and gymnasium floor replacement, and the Hurst Tennis Center building renovation. Additionally, the Department will continue to support Special Events offered such as the Christmas Tree Lighting, the Hurst Stars and Stripes 4th of July Event, the John Butler Memorial Senior Citizen's Banquet, Easter Eggstravaganza, and the Kids All-American Fishing Derby. A major responsibility of the Community Services Department is also to keep the City's facilities in proper working order. The Facilities Services Division will continue to address major roofing, plumbing, HVAC, and other issues that have been identified through facility inspections. Given the City's preventative maintenance program, a consistent level of quality service at all City facilities is provided.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the City are protected from loss, theft, or misuse and to insure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control system should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The City maintains budgetary controls. The objective of these budgetary controls is to insure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of all operating funds including the Debt Service Funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriate amount) is established at the fund level. The City also maintains an encumbrance accounting system to enhance budgetary control. Encumbered amounts lapse at year-end. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

ORGANIZATIONAL RISK DETECTION

The City has undertaken several proactive measures to make sure city management does everything possible to prevent employee and vendor fraud. In addition to monthly financial statement reviews, the Finance staff performs internal audit functions. The City also hired an outside consultant to use computer-assisted techniques to perform data analysis of accounts payable and payroll activity for twelve consecutive years. Over the years, the City's external auditors have provided transactional audits for multiple cash handling divisions. This is a program that will be internally continued and updated to protect our employees and the City's finances. In addition, department heads were asked to provide their signature representing that they are responsible for adhering to sound accounting policies, establishing and maintaining

effective internal controls over operations, and preventing and detecting fraud. This is similar to the representation provided by the City Manager and Assistant City Manager, Fiscal Services annually.

OTHER INFORMATION

INDEPENDENT AUDIT

The City Charter requires an annual audit by independent, certified public accountants selected by the City Council. This requirement has been complied with, and the independent auditors' opinion and report on the general purpose financial statements and supplemental statements and schedules have been included in the financial section of this document. In 2013-2014, Rylander, Clay & Opitz, L.L.P. (RC&O) was one of several firms that responded to the City's request for proposals for audit services. RC&O, the incumbent firm, was selected to continue providing their services to the City based upon their favorable proposal and past performance for an additional five-year period. Fiscal year 2017-2018 will be the final audit year under the current agreement.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hurst for its comprehensive annual financial report (CAFR) for fiscal year ended September 30, 2014. This was the 40th year that the government has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of the CAFR on a timely basis could not be accomplished without the efficient and dedicated services of the Fiscal Services Department staff. Appreciation is expressed to all members of the department who contributed to its preparation. The Mayor and members of the City Council are thanked for their strong leadership and support in planning and providing the resources necessary to conduct the financial operation of the City in a responsible and progressive manner. Without that leadership and support, the progress evidenced by this report would not have been possible.

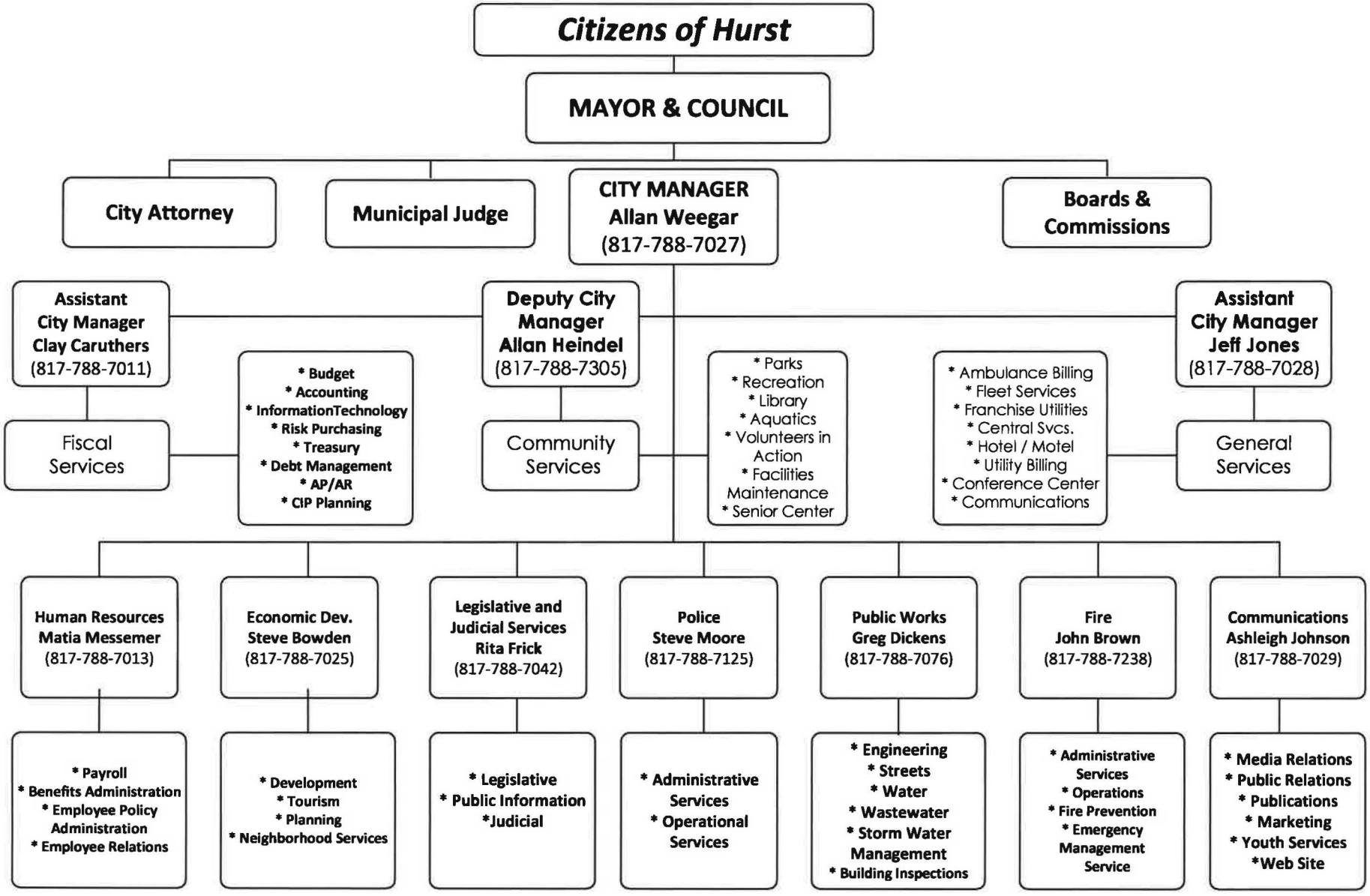
Respectfully submitted,

W. Allan Weegar
CITY MANAGER

Clay Caruthers
ASSISTANT CITY MANAGER

CITY OF HURST
TEXAS

CITY OF HURST



Rev. 1/16

CITY OF HURST

LIST OF PRINCIPAL OFFICIALS

September 30, 2015

CITY COUNCIL

Richard Ward	***Mayor***
Bill McLendon	***Mayor Pro Tem***
David Booe	***Councilmember***
Anna Holzer	***Councilmember***
Larry Kitchens	***Councilmember***
Nancy Welton	***Councilmember***
Henry Wilson	***Councilmember***

MANAGEMENT TEAM

Allan Weegar	***City Manager***
Allan Heindel	***Deputy City Manager***
Jeff Jones	***Assistant City Manager***
Clay Caruthers	***Assistant City Manager***
John Brown	***Fire Chief***
Steve Moore	***Police Chief***
Rita Frick	***City Secretary***
Gregory Dickens	***Executive Director Public Works***
Steve Bowden	***Executive Director Economic Development***
Matia Messemer	***Executive Director of Human Resources***
Paul Brown	***Managing Director Finance & Accounting***
Ashleigh Johnson	***Managing Director Communications***
Malaika Marion	***Managing Director Community Services***
Michele Lazo	***Managing Director Community Dev/Planning***
John Boyle	***City Attorney***
Rylander, Clay & Opitz, LLP	***Auditors***

Government Finance Officers Association

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City of Hurst

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

FINANCIAL SECTION

CITY OF HURST
TEXAS

RYLANDER, CLAY & OPITZ, LLP
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
City Council and City Manager
City of Hurst, Texas

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hurst, Texas (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 61 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, and schedule of capital assets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary schedules, and schedule of capital assets are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the City's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 24, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived with the exception of the change in accounting principle described in Note 15 of the financial statements. Our opinion is not modified with respect to this matter.

Rylander, Clay & Opetz, LLP

February 23, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of City of Hurst's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2015.

Please read it in conjunction with the City's basic financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources for the City of Hurst exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2015 by $214,292,340. Of this amount, $27,105,040 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. This amount includes the recording of a decrease in unrestricted net position for unfunded pension liabilities of $6,895,933 as a prior period adjustment. Please see Note 15.
- The City's net position increased $267,350 as a result of this year's operations, an increase of 0.1%. The net position of business-type activities increased by $892,306 or 1.9%, primarily due to operating revenues exceeding operating expenses by $1.0 million. Net position of the City's governmental activities decreased by $624,956 or .4% as compared to a decrease of $381 in the prior year. Due to a prior period adjustment for implementation of GASB 68, beginning net position for governmental and business-type activities decreased by $5,826,976 and $1,068,957, respectively. Please see Note 15. Interest expenses were higher while primary revenue sources, like property tax, increased in 2015. General Fund excess of revenues over expenditures equaled $4.5 million. Total governmental capital assets increased by 4.8%. This year's most notable asset additions are listed on page 9.
- The City's business-type activities are made up of water & sewer delivery, storm water management, and Hurst Conference Center (HCC) operations. The Water & Sewer Fund ended the year in positive financial condition with operating income equal to $692 thousand. The Storm Water Management Fund provides for annual infrastructure maintenance and continues to accumulate reserves for large-scale projects identified in the City's Capital Improvements Plan (CIP). The Storm Water Management Fund contributed around $643,000 to the change in net position of business-type activities. HCC completed its fifth full-year of operations in 2014-2015. HCC experienced an operating loss of approximately $77,000 and finished the year with positive net cash flow. The City plans for HCC to remain around "break-even" operationally with economic development sales tax and hotel/motel occupancy tax supporting the center's debt.
- Total cost of all of the City's programs was $68.8 million in 2015 compared to $64.6 million in 2014.
- During the year, the City had expenses for governmental activities of $.6 million more than the $45.7 million generated in general revenues, other program revenues, and transfers.
- The business-type activities had expenses of $900 thousand less than the $22.7 million generated in charges for service, other program revenues, and transfers.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 through 15) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 13. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in them. You can think of the City's net position, the difference between assets and deferred outflows, what the citizens own, and liabilities and deferred inflows, what the citizens owe, as one way to measure the City's financial health, or *financial position.* Over time, *increases or decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's tax base, and the condition of the City's capital assets (roads, buildings, and water and sewer lines) to assess the *overall health* of the City.

- For the governmental funds the net change in fund balance is $7.8 million decrease primarily due to construction expenses for the HCC Parking Garage and for the Justice Center and related parking. Revenue for governmental funds increased by 4.9%, primarily due to increases in property and sales tax revenue, support from governmental entities, and miscellaneous, with decreases in licenses/permits, charges for services, fines and fees, and interest. Grant revenue generally fluctuates based on the number of active grants, project schedules, and the timing of grant receipts. Expenditures increased by $3.4 million with increases in all categories. Capital outlay costs increased by approximately $1.7 million driving the overall fund balance decrease of $7.8 million. This is a planned reduction in fund balance through the capital improvements program.

In the Statement of Net Position and the Statement of Activities we divide the City into two kinds of activities:

- Governmental activities: most of the City's basic services are reported here, including the police, fire, municipal court, street maintenance, parks and recreation, financial services and general administration. Property taxes, sales taxes, charges for services, and fines/forfeitures finance most of these activities.

- Business-type activities: the City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and sewer system, storm water management activities, and conference center operations are reported here.

Reporting the City's Most Significant Funds (Fund Financial Statements)

Our analysis of the City's major funds begins on page 16. The governmental funds financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain revenues. Understanding a fund's origin and purpose is essential for the appropriate presentation of fund balance per GASB 54, *Fund Balance Reporting and Government Fund Type Definitions.*

The City's two primary types of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near

future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.

Proprietary funds: When the City charges customers for the full cost of the services it provides, whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements (except for any proration of net income or loss from internal service funds) but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

The City's *combined* net position changed from a year ago, *increasing* from $214,024,990 (after decrease from prior period adjustment of $6,895,933) to $214,292,340. Looking at the net position and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1

Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 63,700,797	$ 70,975,145	$ 25,180,914	$ 23,453,353	$ 88,881,711	$ 94,428,498
Capital assets	170,176,247	162,292,586	46,535,494	46,580,564	216,711,741	208,873,150
Total assets	233,877,044	233,267,731	71,716,408	70,033,917	305,593,452	303,301,648
Deferred outflows of resources	3,333,311	524,368	895,122	337,184	4,228,433	861,552
Long-term liabilities	64,448,750	55,951,001	14,137,418	12,870,830	78,586,168	68,821,831
Other liabilities	6,743,495	6,058,195	9,387,444	8,362,251	16,130,939	14,420,446
Total liabilities	71,192,245	62,009,196	23,524,862	21,233,081	94,717,107	83,242,277
Deferred inflows of resources	687,139	-	125,299	-	812,438	-
Net position:						
Net investment in Capital Assets	120,518,416	117,648,033	33,786,264	32,606,567	154,304,680	150,254,600
Restricted	21,523,706	25,403,597	11,358,914	10,031,023	32,882,620	35,434,620
Unrestricted	23,288,849	28,731,273	3,816,191	6,500,430	27,105,040	35,231,703
Total net position	$ 165,330,971	$ 171,782,903	$ 48,961,369	$ 49,138,020	$ 214,292,340	$ 220,920,923

Table 2

Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
General Revenue						
Sales Taxes	$ 20,716,458	$ 19,376,108	$ -	$ -	$ 20,716,458	$ 19,376,108
Franchise Taxes	3,038,771	3,088,049	-	-	3,038,771	3,088,049
Property Taxes	14,087,316	13,545,880	-	-	14,087,316	13,545,880
Other Taxes	646,284	565,970	-	-	646,284	565,970
Investment earnings	275,954	318,888	104,120	102,566	380,074	421,454
Miscellaneous	1,172,033	513,042	-	-	1,172,033	513,042
Program revenue						
Charges for service	4,936,715	4,967,990	22,630,746	22,121,889	27,567,461	27,089,879
Operating grants and contributions	738,969	669,691	-	-	738,969	669,691
Capital grants and contributions	28,803	78,875	680,309	114,148	709,112	193,023
Total revenues	45,641,303	43,124,493	23,415,175	22,338,603	69,056,478	65,463,096
Program expenses including indirect expenses						
Public safety	23,039,603	21,306,312	-	-	23,039,603	21,306,312
Culture and recreation	11,142,994	10,845,533	-	-	11,142,994	10,845,533
General government	5,256,773	4,337,097	-	-	5,256,773	4,337,097
Interest on debt	2,146,970	1,980,775	-	-	2,146,970	1,980,775
Public works	4,756,586	4,655,157	-	-	4,756,586	4,655,157
Water and sewer	-	-	19,752,412	18,757,469	19,752,412	18,757,469
Conference and meeting center	-	-	2,004,236	2,024,417	2,004,236	2,024,417
Stormwater	-	-	689,554	730,385	689,554	730,385
Total expenses	46,342,926	43,124,874	22,446,202	21,512,271	68,789,128	64,637,145
Excess before transfers	(701,623)	(381)	968,973	826,332	267,350	825,951
Transfers	76,667	-	(76,667)	-	-	-
Change in net position	(624,956)	(381)	892,306	826,332	267,350	825,951
Net position beginning	171,782,903	171,783,284	49,138,020	48,311,688	220,920,923	220,094,972
Change in accounting principle	(5,826,976)	-	(1,068,957)	-	(6,895,933)	-
Net position beginning, adjusted	165,955,927	171,783,284	48,069,063	48,311,688	214,024,990	220,094,972
Net position ending	$ 165,330,971	$ 171,782,903	$ 48,961,369	$ 49,138,020	$ 214,292,340	$ 220,920,923

Net position of the City's governmental activities decreased slightly, $165,330,971 at September 30, 2015 compared to $165,955,927 (as adjusted by the prior period adjustment of $5,826,976) at September 30, 2014.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased from $28,731,273 at September 30, 2014 to $23,288,849 at September 30, 2015 for governmental activities. The decrease includes a reduction in beginning unrestricted net position of $5,826,976 related to change in accounting principle. Restricted net position, those restricted mainly for debt service, capital projects, crime prevention, and culture and recreation decreased from $25,403,597 to $21,523,706. The total net position category, including both restricted and unrestricted amounts, decreased by $624,956. The category, Net Investment in Capital Assets, increased by $2,870,383. The City's infrastructure is evaluated annually and maintenance schedules are updated accordingly.

The net position of the City's business-type activities decreased by .4% to $48,961,369 in 2015 compared to $49,138,020 in 2014. The decrease includes a reduction to beginning unrestricted net position of $1,068,957 related to change in accounting principle. An operating income of $1,018,170 increased net position, which partially offset the effect of the change in accounting principle. Water and sewer rates were increased by 4% for fiscal year 2014-2015. Water and sewer activity income is heavily influenced by weather patterns. For example, mild temperatures and heavy rainfall contributed to a $1.4 million deficit just five years ago, and subsequent years have resulted in more favorable financial results. Overall, the Water & Sewer Fund remains fiscally sound. Operating income of business-type activities also benefitted from positive earnings equal to $402,922 in the Storm Water Management Fund.

THE CITY'S FUNDS

The following schedule presents a summary of general, special revenue, capital projects/special projects, and debt service revenues and expenditures for the fiscal year ended September 30, 2015, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues:	2014-2015 Amount	Percent of Total	Increase (Decrease) from 2013-2014	Percent Increase (Decrease)
Taxes	$ 38,494,929	84.86%	$ 1,889,351	5.16%
Licenses and permits	707,089	1.56%	(18,245)	-2.52%
Charges for services	1,699,806	3.75%	(193,375)	-10.21%
Fines and forfeitures	2,405,478	5.30%	(115,520)	-4.58%
Intergovernmental	767,772	1.69%	22,532	3.02%
Interest	218,049	0.48%	(43,445)	-16.61%
Miscellaneous	1,068,886	2.36%	561,519	110.67%
Total Revenues	$ 45,362,009	100.00%	$ 2,102,817	

Taxes are higher primarily due to an increase in property tax revenues. Values increased for the fourth consecutive year. In 2014-2015, the City's monthly sales tax increased steadily throughout the fiscal year. The completion of the highway construction through the City impacted sales tax revenue positively, and several new restaurants and retailers moved into Hurst last year. Licenses and permits decreased and generally fluctuate due to uncertain levels of construction activity. Fines and forfeitures revenue decreased as more offenders chose to serve time rather than make payments to the court. Interest earnings decreased due to timing of maturities and lower interest rates. Charges for services decreased primarily due to the closing of Chisholm Aquatics Center for renovation.

Expenditures	2014-2015 Amount	Percent of Total	Increase (Decrease) from 2013-2014	Percent Increase (Decrease)
General government	$ 2,976,887	5.36%	$ 661,774	28.58%
Public safety	20,798,447	37.48%	584,038	2.89%
Culture and recreation	8,436,777	15.20%	1,796	0.02%
Public works	1,754,088	3.16%	213,142	13.83%
Capital outlay	15,866,943	28.59%	1,734,121	12.27%
Debt service				
Principal	3,459,807	6.23%	131,883	3.96%
Interest and fees	2,206,311	3.98%	116,689	5.58%
Total Expenditures	$ 55,499,260	100.00%	$ 3,443,443	

Capital Outlay and public works maintenance amounts fluctuate each year according to construction schedules and asset replacement programs. The 12.27% increase in capital outlay is primarily related to construction of the HCC Parking Garage and the Justice Center and parking garage.

Overall the result of operations in the General Fund was a positive $1.3 million with $1.8 million transferred out of the General Fund to the Special Projects Fund for one-time capital expenditures and unfunded needs. An additional $1.0 million was transferred from the General Fund to the Loss Reserve Self-Insurance Fund. This amount will be utilized to offset health care costs and to help fund the City's post-employment benefits trust fund that was established in accordance with GASB 45.

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, spendable, unassigned fund balance of the General Fund was $9,049,255 compared to $8,389,715 at the year ended September 30, 2014. An increase in revenues from property taxes and sales taxes contributed to the fund balance stability, and coverage for ninety days of operations remains in reserve.

The Half Cent Development Corporation (HCDC) Special Revenue Fund had an increase in fund balance of $677,284 compared to an increase of $495,183 in the prior year. Revenues for the fund consistently exceed operational expenditures, but one-time capital costs fluctuate year-to-year. The HCDC Fund provides pay-as-you go funding for major infrastructure projects to construct and/or renovate parks and recreation facilities throughout the City. Capital outlay fluctuates according to construction schedules and financial planning initiatives. All HCDC fund balance is restricted for the Corporation's use. The Anti-Crime Special Revenue Fund had a fund balance decrease of $964,494, which is compared to last year's $284,374 decrease. This is a planned decrease in the Anti-Crime Fund to cover the cost of a radio system lease and other equipment approved by City Council. Conservative fiscal policy insured that both special revenue funds ended 2015 with adequate levels of reserve. The Special Projects Capital Project Fund had capital expenditures of $5.4 million for redevelopment and general improvement of City infrastructure. Special Projects' ending fund balance is restricted for projects approved by City Council and Management.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: At September 30, 2015, the City had $216,711,741 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer, and storm-water facilities. (See table below.) This represents a net increase of $7,838,591, or 3.8%, from last year primarily due to the construction of the Justice Center and parking garage.

	Governmental Activities 2015	Business-type Activities 2015	Total 2015
Land	$ 56,603,804	$ 402,478	$ 57,006,282
Buildings	43,823,041	331,880	44,154,921
Improvements	31,280,476	44,116,058	75,396,534
Machinery & Equipment	5,239,386	514,038	5,753,424
CIP	33,229,540	1,171,040	34,400,580
Total	$ 170,176,247	$ 46,535,494	$ 216,711,741

This year's major asset additions (including work in progress) are as follows:

Title	Amount
Chisholm Aquatics Reconstruction	$6,456,529
HCC Parking Garage	3,045,534
Justice Center and related parking	2,323,759
Justice Center landscaping	350,000
City Hall drainage/parking	273,287
Generator Pump Station #5	246,625
Police DVR replacement	199,471
Central Park playground replacement	163,275
Chisholm Spillway Improvements	149,141
Tank Mixers/N. Precinct & Valentine	122,580

See Note 6 to the financial statements for more detailed information on capital asset activity.

Long-Term Debt: At September 30, 2015, the total debt outstanding was $71,078,030. Of this amount, $70,398,030 comprises debt backed by the full faith and credit of the City. The remaining $680,000 represents bonds secured by specific revenue sources. See Note 7 to the financial statements for more detailed information on long-term debt activity.

	Governmental Activities 2015	Business-type Activities 2015	Total 2015
Certificates of Obligation	$ 24,918,334	$ 6,158,971	$ 31,077,305
General Obligation	30,018,391	7,976,836	37,995,227
Capital Lease Obligation	1,325,498	-	1,325,498
Sales Tax Revenue Bonds	680,000	-	680,000
Total	$ 56,942,223	$ 14,135,807	$ 71,078,030

The City's total debt increased by $58,050, less than 1% during the current fiscal year. The issuance of $3,750,000 in tax and waterworks and sewer obligations was partially offset by refunding tax obligations in the amount of $4,915,000 and retirement of debt in fiscal year 2014-2015.

The City's funds continue to have favorable credit ratings. The City's current ratings are as follows:

	Moody's Investor Services	Standard & Poor's
General Obligation Bonds	Aa2	AA
Enterprise Fund Obligations	Aa2	AA
Hurst Community Development Corporation Bonds	Aa3	AA

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2015-2016 Budget reflects the positive financial condition of the City, and the ongoing mission of the Hurst City Council to "provide cost-effective programs and responsive services to enhance the quality of life in Hurst." The City accomplishes this mission through the utilization of sound fiscal policy directives, a conservative approach in revenue and expenditure forecasting and adherence to the City's Code of Ideals and continuation of programs designed to promote excellent customer service.

Sales tax revenue and property tax revenue are the two largest revenue sources for the City's governmental funds. These two primary revenue sources are expected to remain relatively stable with sales taxes budgeted to increase by around 1%. The City will continue to practice a conservative operational approach even with the economy showing signs of improvement.

For the 2015-2016 budget year, the City approved a tax rate increase of approximately one-half cent. This effective tax rate represents the rate necessary to generate the same property tax revenue as in the prior year. Property tax revenues are a primary revenue source used to fund City services, but are limited by homestead, senior and disabled-citizen exemptions, and the senior and disabled-citizen tax freeze.

Each year, a major objective of the budget process is to focus on identifying cost-saving measures and to cut expenses however possible. Every line item has written justification with a three-level review process in which every request is scrutinized thoroughly. As in previous years, some non-recurring requests were transferred to a prioritized listing of unfunded needs for possible future funding in the Special Projects fund. Funding these needs is contingent upon approval by the City Manager and City Council. It is the City's policy to transfer all, or a portion of, excess General fund revenues over expenditures at year-end to the Special Projects fund to provide for this pay-as-you-go funding alternative. Hurst's strong pay-as-you-go program has also contributed to the City's relatively low debt ratio. The City's policy is to maintain a minimum $8 million dollar balance within the Special Projects fund for emergency purposes.

The Enterprise (Water/Wastewater) Fund's budget increased by 2.2%. This increase is due to increasing costs for wholesale water and wastewater treatment. It is the City's policy to pass through all, or part, of the additional charges originating from the City's wholesale contracts with the City of Fort Worth and the Trinity River Authority. For 2015-2016, the City of Hurst approved a 5% increase in water and sewer rates for residential and commercial customers. The Enterprise Fund continues to experience extremes in weather conditions. In fiscal years 2010-2011 through 2012-2013, weather resulted in one of the most extreme droughts on record with lake levels falling and water restrictions being placed in effect. Due to sound financial planning, the Enterprise Fund has been able to "weather" variations in rainfall and finish the fiscal year in a stable financial position.

Other Enterprise funds are established to account for Storm Drainage and Hurst Conference Center operations. The Storm Drainage fee generates approximately $1 million per year and all proceeds are utilized to mitigate flooding and other drainage issues throughout the City. The Hurst Conference Center completed its fifth full year of operations in 2014-2015. Events held at the facility include everything from intimate gatherings to corporate events hosting up to approximately 1,000 people. The financial opportunities for the facility will continue to improve as marketing efforts and customer experiences create additional and repeat business.

Each year, the budget is prepared in relationship to the City's Long Term Strategic Plan. In February 2015, the City Council reviewed the current status of City services and provided direction to staff in planning for the 2015-2016 Budget. The City staff incorporates the City Council strategies into the proposed operating budget in a process that begins in early March. Through the efforts of the City Council and staff, the financial health of the City remains positive due to ongoing cost saving measures, relatively stable property values, retail strength within the City, conservative budgeting, a fiscal management plan in place, and long-term strategic planning that provides fiscal policy direction and a vision for Hurst. With sound fiscal planning, the City Council will continue to provide and enhance quality public services to the residents and guests of Hurst.

General Fund Budgetary Highlights

During the year, General Fund revenues exceeded budget by approximately $2.6 million. Sales tax revenue accounts for the majority of this overage. The City budgets sales tax revenue conservatively by estimating collections at approximately 90%. Property, franchise, mixed beverage taxes and intergovernmental grants were also higher than expected. Total budgeted appropriations exceeded the actual expenditures by $3.1 million. The City budgets for full staffing even though vacancies will occur, and other fiscal management practices were followed to ensure expenditures remained well within budget. A year-end transfer of approximately $1.8 million was made to the Special Projects Capital Projects fund. It is the City's policy to transfer a portion of excess revenues over expenditures to the Special Projects fund at the end of each fiscal year in order to provide funding for non-recurring unfunded needs and infrastructure improvements. The Special Projects fund provides for the completion of major projects while minimizing the City's debt requirements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office at 1505 Precinct Line Road, Hurst, Texas, 817.788.7023 or email kpuiszis@hursttx.gov. To view financial documents you may also visit the City's Website at www.hursttx.gov.

CITY OF HURST
TEXAS

CITY OF HURST, TEXAS

STATEMENT OF NET POSITION
September 30, 2015 with Comparative
Total for September 30, 2014

	Governmental Activities	Business-type Activities	Totals 2015	Totals 2014
ASSETS				
Cash and cash equivalents	$ 13,226,870	$ 2,898,758	$ 16,125,628	$ 25,573,855
Investments	43,842,130	14,255,354	58,097,484	56,122,514
Net receivables	6,572,019	3,774,771	10,346,790	9,472,120
Inventories and prepaid expenses	59,778	334,794	394,572	531,958
Restricted assets				
Cash and cash equivalents	-	1,911,237	1,911,237	347,051
Investments	-	2,006,000	2,006,000	2,381,000
Total current assets	63,700,797	25,180,914	88,881,711	94,428,498
Land	56,603,804	402,478	57,006,282	57,006,282
Depreciable assets, net	80,342,903	44,961,976	125,304,879	130,635,485
Construction in progress	33,229,540	1,171,040	34,400,580	21,231,383
Total noncurrent assets	170,176,247	46,535,494	216,711,741	208,873,150
Total assets	233,877,044	71,716,408	305,593,452	303,301,648
DEFERRED OUTFLOWS OF RESOURCES				
Deferred contributions to pension plan	1,482,990	270,423	1,753,413	-
Investment experience related to pension plan	1,139,305	207,752	1,347,057	-
Deferred loss on bond refunding	711,016	416,947	1,127,963	861,552
Total deferred outflows	3,333,311	895,122	4,228,433	861,552
Total assets and deferred outflows	$ 237,210,355	$ 72,611,530	$ 309,821,885	$ 304,163,200
LIABILITIES				
Accounts payable and accrued liabilities	$ 5,311,262	$ 1,804,081	$ 7,115,343	$ 5,479,844
Due to (from) other funds	(4,176,490)	4,176,490	-	-
Escrow deposits and unearned revenue	460,941	283,898	744,839	877,612
Customer deposits	-	1,516,484	1,516,484	1,410,120
Current portion of long-term debt	5,147,782	1,606,491	6,754,273	6,652,870
Total current liabilities	6,743,495	9,387,444	16,130,939	14,420,446
Pension liability	7,695,296	1,411,220	9,106,516	-
Bonds and other long-term debt	56,753,454	12,726,198	69,479,652	68,821,831
Total liabilities	71,192,245	23,524,862	94,717,107	83,242,277
DEFERRED INFLOWS OF RESOURCES				
Change in pension assumptions	687,139	125,299	812,438	-
NET POSITION				
Net investment in capital assets	120,518,416	33,786,264	154,304,680	150,254,600
Restricted for:				
Debt service	1,060,111	11,358,914	12,419,025	11,148,014
Capital projects	5,927,845	-	5,927,845	9,954,387
Crime prevention	7,473,622	-	7,473,622	8,438,116
Culture and recreation	4,717,267	-	4,717,267	4,039,983
Other	2,344,861	-	2,344,861	1,854,120
Unrestricted	23,288,849	3,816,191	27,105,040	35,231,703
Total net position	165,330,971	48,961,369	214,292,340	220,920,923
Total liabilities, deferred inflows, and net position	$ 237,210,355	$ 72,611,530	$ 309,821,885	$ 304,163,200

See notes to basic financial statements.

CITY OF HURST, TEXAS

STATEMENT OF ACTIVITIES
Year Ended September 30, 2015 with Comparative
Total for Year Ended September 30, 2014

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 5,256,773	$ 22,670	$ 66,931	$ -
Public safety	23,039,603	3,278,888	434,416	28,803
Culture and recreation	11,142,994	1,004,909	-	-
Public works	4,756,586	630,248	237,622	-
Interest expense	2,146,970	-	-	-
Total governmental activities	46,342,926	4,936,715	738,969	28,803
Business-type activities:				
Water and sewer services	19,752,412	19,609,118	-	413,140
Stormwater management services	689,554	1,094,476	-	267,169
Conference and meeting center	2,004,236	1,927,152	-	-
Total business-type activities	22,446,202	22,630,746	-	680,309
Total government	$ 68,789,128	$ 27,567,461	$ 738,969	$ 709,112

General revenues:	
Property taxes, penalty and interest	
Sales taxes	
Franchise taxes	
Occupancy taxes	
Interest	
Miscellaneous	
Transfers	
Total general revenues	
Change in net position	
Net position - beginning as previously stated	
Change in accounting principle - see Note 15	
Net position - beginning as restated	
Net position - ending	

See notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Totals 2015	Totals 2014
$ (5,167,172)	$ -	$ (5,167,172)	$ (4,322,197)
(19,297,496)	-	(19,297,496)	(17,697,012)
(10,138,085)	-	(10,138,085)	(9,697,735)
(3,888,716)	-	(3,888,716)	(3,710,599)
(2,146,970)	-	(2,146,970)	(1,980,775)
(40,638,439)	-	(40,638,439)	(37,408,318)
-	269,846	269,846	297,740
-	672,091	672,091	447,398
-	(77,084)	(77,084)	(21,372)
-	864,853	864,853	723,766
(40,638,439)	864,853	(39,773,586)	(36,684,552)
14,087,316	-	14,087,316	13,545,880
20,716,458	-	20,716,458	19,376,108
3,038,771	-	3,038,771	3,088,049
646,284	-	646,284	565,970
275,954	104,120	380,074	421,454
1,172,033	-	1,172,033	513,042
76,667	(76,667)	-	-
40,013,483	27,453	40,040,936	37,510,503
(624,956)	892,306	267,350	825,951
171,782,903	49,138,020	220,920,923	220,094,972
(5,826,976)	(1,068,957)	(6,895,933)	-
165,955,927	48,069,063	214,024,990	220,094,972
$ 165,330,971	$ 48,961,369	$ 214,292,340	$ 220,920,923

CITY OF HURST, TEXAS

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2015 with Comparative
Total for September 30, 2014

	General Fund	Special Revenue Funds	
		HCDC	Anti-Crime
ASSETS			
Cash and cash equivalents	$ 1,686,005	$ 812,363	$ 1,668,097
Investments	7,598,503	3,933,217	6,853,217
Receivables:			
Taxes	1,801,066	901,368	885,102
Other	395,215	6,148	38,057
Inventories	1,883	-	-
Due from other funds	6,212,063	-	-
Total assets	$ 17,694,735	$ 5,653,096	$ 9,444,473
LIABILITIES			
Accounts payable and accrued items	$ 2,184,662	$ 247,835	$ 196,819
Escrow deposits payable and unearned revenue	417,921	-	-
Due to other funds	2,804,489	687,994	1,774,032
Total liabilities	5,407,072	935,829	1,970,851
FUND BALANCES			
Nonspendable:			
Inventory	1,883	-	-
Spendable:			
Restricted	2,344,861	4,717,267	7,473,622
Committed	305,069	-	-
Assigned	586,595	-	-
Unassigned	9,049,255	-	-
Total fund balances	12,287,663	4,717,267	7,473,622
Total liabilities and fund balances	$ 17,694,735	$ 5,653,096	$ 9,444,473

See notes to basic financial statements.

Capital Projects Funds			Other Governmental	Totals	
Special Projects	2014 CO Bond	2012 GO Bond	Funds	2015	2014
$ 2,880,533	$ 733,115	$ 914,638	$ 2,839,034	$ 11,533,785	$ 20,077,912
13,903,217	-	-	4,051,999	36,340,153	34,425,745
-	-	-	25,609	3,613,145	3,490,109
1,185,601	-	-	2,141	1,627,162	1,885,270
-	-	-	-	1,883	1,883
1,772,535	-	-	-	7,984,598	8,339,734
$ 19,741,886	$ 733,115	$ 914,638	$ 6,918,783	$ 61,100,726	$ 68,220,653
$ 541,057	$ 508,293	$ 730,390	$ 38,783	$ 4,447,839	$ 3,262,187
503,375	-	-	116,866	1,038,162	1,275,813
-	-	-	-	5,266,515	5,513,236
1,044,432	508,293	730,390	155,649	10,752,516	10,051,236
-	-	-	-	1,883	1,883
-	224,822	184,248	6,763,134	21,707,954	26,790,404
-	-	-	-	305,069	198,349
18,697,454	-	-	-	19,284,049	22,789,066
-	-	-	-	9,049,255	8,389,715
18,697,454	224,822	184,248	6,763,134	50,348,210	58,169,417
$ 19,741,886	$ 733,115	$ 914,638	$ 6,918,783	$ 61,100,726	$ 68,220,653

CITY OF HURST, TEXAS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2015

Total governmental fund balances	$	50,348,210
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital assets.		167,168,761
Accrued interest on governmental activities debt is not reported in the funds until paid.		(251,426)
The ambulance receivable revenue is not reported in the funds because it is not available for current period expenditures.		543,486
Unearned property taxes are not reported in the funds because they are not available for current period expenditures.		73,846
Unearned note receivable is not reported in the funds because it is not available for current period expenditures.		503,375
Accrued interest on governmental investments is not reported in the funds because it is not available for current period expenditures.		129,308
Municipal fines receivable are not reported in the funds because they are not available for current period expenditures.		606,493
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide financial statements.		12,305,988
The other post employment benefit asset is not reported in the funds because it is not reported in the funds until paid.		23,793
The portion of the internal service funds due to business activities is reported in governmental activities in the government-wide financial statements.		610,343
Pension related liabilities are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities.		(5,590,021)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities.		(4,909,979)
Losses on issuance of refunding bonds are not reported in the funds but are reported as deferred outflows in the statement of net position.		711,016
Bonds payable and capital lease obligations are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities.		(56,942,222)
Net position of governmental activities	$	165,330,971

See notes to basic financial statements.

CITY OF HURST
TEXAS

CITY OF HURST, TEXAS

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended September 30, 2015 with Comparative Total for Year Ended September 30, 2014

	General	Special Revenue Funds	
		HCDC	Anti-Crime
Revenues:			
Taxes, penalty, and interest	$ 24,689,136	$ 5,072,410	$ 5,358,521
Licenses/permits	707,089	-	-
Support from governmental entities	687,458	-	80,314
Charges for services	1,699,806	-	-
Fines and fees	2,405,478	-	-
Interest	26,438	22,569	49,428
Miscellaneous	425,225	7,505	23,191
Total revenues	30,640,630	5,102,484	5,511,454
Expenditures:			
Current:			
General government	2,699,798	-	-
Public safety	15,784,455	-	5,005,724
Culture and recreation	5,911,176	2,525,601	-
Public works	1,754,088	-	-
Capital outlay	-	536,769	1,493,976
Debt service:			
Principal retirement	-	-	459,807
Interest and fiscal agent fees	-	-	6,546
Total expenditures	26,149,517	3,062,370	6,966,053
Excess (deficiency) of revenues over (under) expenditures	4,491,113	2,040,114	(1,454,599)
Other financing sources (uses):			
Capital lease	-	-	490,105
Issuance of debt	-	-	-
Premium on bond issuance	-	-	-
Refunding bonds issued	-	-	-
Payment to refunded bonds escrow agent	-	-	-
Transfers in	7,392	-	-
Transfers out	(3,215,776)	(1,362,830)	-
Total other financing sources (uses)	(3,208,384)	(1,362,830)	490,105
Net change in fund balances	1,282,729	677,284	(964,494)
Fund balances, beginning	11,004,934	4,039,983	8,438,116
Fund balances, ending	$ 12,287,663	$ 4,717,267	$ 7,473,622

See notes to basic financial statements.

Capital Projects Funds			Other Governmental	Totals	
Special Projects	2014 CO Bond	2012 GO Bond	Funds	2015	2014
$ -	$ -	$ -	$ 3,374,862	$ 38,494,929	$ 36,605,578
-	-	-	-	707,089	725,334
-	-	-	-	767,772	745,240
-	-	-	-	1,699,806	1,893,181
-	-	-	-	2,405,478	2,520,998
92,391	7,468	3,013	16,742	218,049	261,494
360,092	-	-	252,872	1,068,885	507,367
452,483	7,468	3,013	3,644,476	45,362,008	43,259,192
277,089	-	-	-	2,976,887	2,315,113
8,268	-	-	-	20,798,447	20,214,409
-	-	-	-	8,436,777	8,434,981
-	-	-	-	1,754,088	1,540,946
5,482,406	6,739,913	1,205,572	408,307	15,866,943	14,132,822
-	-	-	3,000,000	3,459,807	3,327,924
-	-	-	2,199,765	2,206,311	2,089,622
5,767,763	6,739,913	1,205,572	5,608,072	55,499,260	52,055,817
(5,315,280)	(6,732,445)	(1,202,559)	(1,963,596)	(10,137,252)	(8,796,625)
-	-	-	-	490,105	-
-	-	-	2,625,000	2,625,000	7,355,000
-	-	-	574,285	574,285	603,685
-	-	-	3,235,000	3,235,000	5,705,000
-	-	-	(3,505,346)	(3,505,346)	(5,984,367)
1,784,535	-	-	1,683,680	3,475,607	4,084,294
-	-	-	-	(4,578,606)	(4,446,072)
1,784,535	-	-	4,612,619	2,316,045	7,317,540
(3,530,745)	(6,732,445)	(1,202,559)	2,649,023	(7,821,207)	(1,479,085)
22,228,199	6,957,267	1,386,807	4,114,111	58,169,417	59,648,502
$ 18,697,454	$ 224,822	$ 184,248	$ 6,763,134	$ 50,348,210	$ 58,169,417

CITY OF HURST, TEXAS

RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE CHANGE IN NET POSITION IN THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2015

Net change in fund balances - total governmental funds	$	(7,821,207)
Amounts reported for governmental funds in the statement of activities are different because:		
Change in revenues not considered available in the governmental funds.		129,697
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		(7,399,528)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized.		14,982,305
Governmental capital assets sold have the full proceeds reported as revenue instead of applying the basis of the asset sold.		(43,892)
Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.		(3,419,044)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		3,459,807
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		59,341
Some expenses reported in the statements of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(780,679)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities (net of amount allocated to business-type activities of $268,609).		208,244
Change in net position of governmental activities	$	(624,956)

See notes to basic financial statements.

CITY OF HURST
TEXAS

CITY OF HURST, TEXAS

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2015 with Comparative
Total for September 30, 2014

	Business Type Activities		Totals	
	Water & Sewer	Other Proprietary	2015	2014
Assets				
Current assets:				
Cash and cash equivalents	$ 2,229,054	$ 669,704	$ 2,898,758	$ 3,059,696
Investments	12,935,354	1,320,000	14,255,354	14,445,000
Accounts receivable (net of allowance for uncollectible accounts of $213,288 in 2015 and $166,965 in 2014)	3,361,726	220,679	3,582,405	2,742,010
Other receivables	184,306	8,060	192,366	166,155
Due from other funds	31,954	-	31,954	-
Inventory of materials and supplies, at cost	164,519	37,498	202,017	198,413
Prepaids and other assets	118,818	13,959	132,777	114,028
Restricted assets:				
Cash and cash equivalents	1,911,237	-	1,911,237	347,051
Investments	2,006,000	-	2,006,000	2,381,000
Total current assets	22,942,968	2,269,900	25,212,868	23,453,353
Noncurrent assets:				
Capital assets, at cost	78,305,865	1,892,262	80,198,127	78,738,676
Accumulated depreciation	(33,538,537)	(124,096)	(33,662,633)	(32,158,112)
Total noncurrent assets	44,767,328	1,768,166	46,535,494	46,580,564
Total assets	67,710,296	4,038,066	71,748,362	70,033,917
Deferred Outflows of Resources				
Deferred contributions to pension plan	206,572	63,851	270,423	-
Investment experience related to pension plan	158,699	49,053	207,752	-
Deferred loss on bond refunding	416,947	-	416,947	337,184
Total deferred outflows	782,218	112,904	895,122	337,184
Total assets and deferred outflows	$ 68,492,514	$ 4,150,970	$ 72,643,484	$ 70,371,101
Liabilities				
Current liabilities:				
Accounts payable and accrued items	$ 1,557,126	$ 175,936	$ 1,733,062	$ 1,315,850
Due to other funds	3,520,137	77,964	3,598,101	3,538,835
Unearned revenue	-	283,898	283,898	185,120
Current liabilities payable from restricted assets:				
Accrued bond interest	71,019	-	71,019	71,019
Customer deposits	1,516,484	-	1,516,484	1,410,120
Current portion of long-term debt	1,594,705	11,786	1,606,491	1,499,573
Total current liabilities	8,259,471	549,584	8,809,055	8,020,517
Pension liability	1,058,416	352,804	1,411,220	-
Long-term debt, net of current portion	12,706,303	19,895	12,726,198	12,870,830
Total liabilities	22,024,190	922,283	22,946,473	20,891,347
Deferred Inflows of Resources				
Change in pension assumptions	95,715	29,584	125,299	-
Net Position				
Net investment in capital assets	32,018,098	1,768,166	33,786,264	32,606,567
Restricted for:				
Debt service	11,358,914	-	11,358,914	10,031,023
Unrestricted	2,995,597	1,430,937	4,426,534	6,842,164
Total net position	46,372,609	3,199,103	49,571,712	49,479,754
Total liabilities, deferred inflows, and net position	$ 68,492,514	$ 4,150,970	$ 72,643,484	$ 70,371,101
Adjustment to net position to reflect the consolidation of internal service fund activities related to enterprise funds			(610,343)	
Net position of business-type activities			$ 48,961,369	

See notes to basic financial statements.

Governmental Activities- Internal Service Funds	
2015	2014
$ 1,693,084	$ 2,436,246
7,501,977	7,251,769
-	-
52,425	45,087
1,087,525	916,039
34,102	44,986
-	-
-	-
-	-
10,369,113	10,694,127
16,100,031	15,430,243
(13,092,545)	(12,767,536)
3,007,486	2,662,707
13,376,599	13,356,834
45,747	-
35,145	-
-	-
80,892	-
$ 13,457,491	$ 13,356,834
$ 611,997	$ 570,680
239,461	203,702
-	-
-	-
-	-
17,162	14,849
868,620	789,231
229,814	-
31,872	27,577
1,130,306	816,808
21,197	-
3,007,486	2,662,707
-	-
9,298,502	9,877,319
12,305,988	12,540,026
$ 13,457,491	$ 13,356,834

CITY OF HURST, TEXAS

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended September 30, 2015 with Comparative Total for Year Ended September 30, 2014

	Business Type Activities			
			Totals	
	Water & Sewer	Other Proprietary	2015	2014
Operating revenues:				
Water and sewer sales	$ 19,059,191	$ -	$ 19,059,191	$ 18,618,198
Storm drainage utility fee	-	1,085,025	1,085,025	1,083,301
Service fees	-	1,927,152	1,927,152	2,003,045
Other	532,243	7,451	539,694	418,785
Total operating revenues	19,591,434	3,019,628	22,611,062	22,123,329
Operating expenses:				
Personnel services	3,880,847	1,366,033	5,246,880	5,082,043
Contractual services	7,988,111	-	7,988,111	7,528,438
Repairs and maintenance	606,518	143,844	750,362	805,365
Materials and supplies	156,834	47,613	204,447	198,377
Depreciation and amortization	1,540,495	58,173	1,598,668	1,511,619
Indirect cost/street rental fees	3,520,137	77,964	3,598,101	3,538,835
Other	1,206,160	1,000,163	2,206,323	2,082,365
Total operating expenses	18,899,102	2,693,790	21,592,892	20,747,042
Operating income (loss)	692,332	325,838	1,018,170	1,376,287
Non-operating revenues (expenses):				
Interest revenue	95,365	8,755	104,120	102,566
Interest expense	(584,701)	-	(584,701)	(564,489)
Gain (loss) on sale of property and equipment	17,684	2,000	19,684	(1,440)
Total non-operating revenues (expenses)	(471,652)	10,755	(460,897)	(463,363)
Income (loss) before contributions and transfers	220,680	336,593	557,273	912,924
Transfers in	-	-	-	-
Transfers out	(38,334)	(38,333)	(76,667)	-
Contributions	413,140	267,169	680,309	114,148
Change in net position	595,486	565,429	1,160,915	1,027,072
Net position - beginning of year as previously stated	46,577,955	2,901,799	49,479,754	48,452,682
Change in accounting principle - see Note 15	(800,832)	(268,125)	(1,068,957)	-
Net position - beginning of year as restated	45,777,123	2,633,674	48,410,797	48,452,682
Net position - end of year	$ 46,372,609	$ 3,199,103	$ 49,571,712	$ 49,479,754
Adjustment to change in net position to reflect the consolidation of internal service fund activities related to enterprise funds			(268,609)	
Change in net position of business-type activities			$ 892,306	

See notes to basic financial statements.

Governmental Activities- Internal Service Funds	
2015	2014
$ -	$ -
-	-
7,942,267	7,452,882
13,517	5,406
7,955,784	7,458,288
6,879,437	5,949,188
169,539	121,916
384,281	531,109
1,167,178	1,250,668
762,817	665,722
-	-
-	-
9,363,252	8,518,603
(1,407,468)	(1,060,315)
46,449	47,838
-	-
120,989	(1,478)
167,438	46,360
(1,240,030)	(1,013,955)
1,191,666	854,278
(12,000)	(492,500)
-	-
(60,364)	(652,177)
12,540,026	13,192,203
(173,674)	-
12,366,352	13,192,203
$ 12,305,988	$ 12,540,026

CITY OF HURST, TEXAS

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Year Ended September 30, 2015 with Comparative
Total for Year Ended September 30, 2014

	Business Type Activities			
			Totals	
	Water & Sewer	Other Proprietary	2015	2014
Cash flow from operating activities:				
Receipts from customers and users	$ 18,878,097	$ 3,097,712	$ 21,975,809	$ 22,555,218
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(9,594,955)	(1,159,429)	(10,754,384)	(12,240,583)
Payments to employees	(3,897,072)	(1,360,957)	(5,258,029)	(5,063,466)
Payments for interfund services used	(3,485,972)	(84,817)	(3,570,789)	(3,852,145)
Net cash provided by (used in) operating activities	1,900,098	492,509	2,392,607	1,399,024
Noncapital financing activities:				
Transfers to other funds	(38,334)	(38,333)	(76,667)	-
Transfers from other funds	-	-	-	-
Net cash provided by (used in) noncapital financing activities	(38,334)	(38,333)	(76,667)	-
Capital and related financing activities:				
Proceeds from long-term debt	2,805,000	-	2,805,000	-
Debt principal payments	(3,055,000)	-	(3,055,000)	(1,340,000)
Interest paid on revenue bonds	(451,642)	-	(451,642)	(554,036)
Purchases of property and equipment	(649,456)	(225,978)	(875,434)	(1,268,367)
Proceeds from sale of property and equipment	17,684	4,145	21,829	(1,440)
Net cash used in capital and related financing activities	(1,333,414)	(221,833)	(1,555,247)	(3,163,843)
Investing activities:				
Proceeds from sale/maturities of investments	5,800,000	500,000	6,300,000	6,011,681
Purchase of investments	(5,435,354)	(300,000)	(5,735,354)	(6,061,681)
Interest received on investments	72,032	5,877	77,909	122,076
Net cash provided by (used in) investing activities	436,678	205,877	642,555	72,076
Net increase (decrease) in cash and cash equivalents	965,028	438,220	1,403,248	(1,692,743)
Cash and cash equivalents - beginning of year	3,175,263	231,484	3,406,747	5,099,490
Cash and cash equivalents - end of year	$ 4,140,291	$ 669,704	$ 4,809,995	$ 3,406,747
Noncash activity:				
Capital contributions received in-kind	$ 413,140	$ 267,169	$ 680,309	$ 114,148
Reconciliation to Statement of Net Position				
Cash and cash equivalents	$ 2,229,054	$ 669,704	$ 2,898,758	$ 3,059,696
Restricted cash and cash equivalents	1,911,237	-	1,911,237	347,051
	$ 4,140,291	$ 669,704	$ 4,809,995	$ 3,406,747

See notes to basic financial statements.

Governmental Activities- Internal Service Funds	
2015	2014
$ 13,517	$ 5,406
7,971,540	7,459,388
(1,823,261)	(2,197,888)
(6,721,920)	(5,839,416)
-	-
(560,124)	(572,510)
(12,000)	(492,500)
1,026,666	519,278
1,014,666	26,778
-	-
-	-
-	-
(986,607)	(463,711)
-	-
(986,607)	(463,711)
3,334,819	1,623,033
(3,585,027)	(1,923,168)
39,111	41,430
(211,097)	(258,705)
(743,162)	(1,268,148)
2,436,246	3,704,394
$ 1,693,084	$ 2,436,246
$ -	$ -
$ 1,693,084	$ 2,436,246
-	-
$ 1,693,084	$ 2,436,246

(Continued)

CITY OF HURST, TEXAS

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Continued)
Year Ended September 30, 2015 with Comparative Total for Year Ended September 30, 2014

	Business Type Activities			
			Totals	
	Water & Sewer	Other Proprietary	2015	2014
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 692,332	$ 325,838	$ 1,018,170	$ 1,376,287
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,540,495	58,173	1,598,668	1,511,619
Change in assets and liabilities:				
Accounts receivable	(819,701)	(20,694)	(840,395)	370,197
Inventory of materials and supplies	8,636	(12,240)	(3,604)	(24,718)
Due to/from other funds	34,165	(6,853)	27,312	(313,310)
Prepaids and other assets	(19,472)	723	(18,749)	(97,318)
Accounts payable and other	357,279	48,784	406,063	(1,485,425)
Customer deposits and unearned revenue	106,364	98,778	205,142	61,692
Net cash provided by (used in) operating activities	$ 1,900,098	$ 492,509	$ 2,392,607	$ 1,399,024

See notes to basic financial statements.

	Governmental Activities Internal Service Funds	
	2015	2014
$	(1,407,468)	$ (1,060,315)
	762,817	665,722
	-	-
	10,884	(11,169)
	29,273	6,506
	-	-
	44,370	(173,254)
	-	-
$	(560,124)	$ (572,510)

CITY OF HURST, TEXAS

AGENCY FUND
STATEMENTS OF ASSETS AND LIABILITIES
September 30, 2015 and 2014

	2015	2014
Assets		
Investments	$ 2,284,759	$ 1,858,683
Total assets	$ 2,284,759	$ 1,858,683
Liabilities		
Assets held for others	$ 2,284,759	$ 1,858,683
Total liabilities	$ 2,284,759	$ 1,858,683

See notes to basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hurst, Texas (the "City") Home Rule Charter was adopted December 19, 1956, pursuant to Resolution No. 100, adopted November 13, 1956. The City operates under a Council-Manager form of government and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, and water and sewer utilities.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. Significant City policies are described below.

Reporting Entity

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, in substance, are part of the City's operations.

The Hurst Community Services Development Corporation (HCDC) was incorporated in 1993 under the provisions of the Development Corporation Act of 1979, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended. HCDC operates under a seven member Board of Directors appointed by the City Council. The purpose of HCDC is to promote and finance projects required or suitable for athletic, entertainment, tourist, conventions, public parks, and related purposes. The Board of Directors of HCDC is substantially the same as the City Council and the City will ultimately bear the benefit or burden. HCDC has been incorporated into these basic financial statements as a blended component unit. Separate financial statements for HCDC are not released.

The Hurst Crime Control and Prevention District (HCCPD) was authorized by voter referendum on September 9, 1995 for five years under the provisions of the Crime Control and Prevention District Act, Article 2370c-4, Section 3.01, Vernon Civil Statutes, as amended. The district was renewed by voter referendum on August 12, 2000 for ten years and again on May 8, 2010 for twenty years. The HCCPD operates under a seven member Board of Directors appointed by the City Council. The purpose of the HCCPD is to provide relief to the General Fund for expanded crime prevention and enforcement activities. The Board of Directors of the HCCPD is substantially the same as the City Council and the City will ultimately bear the benefit or burden. The HCCPD has been incorporated into these basic financial statements as a blended component unit. Separate financial statements for HCCPD are not released.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. These financial statements include the financial activities of the overall government except the agency fund. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their net asset use. Separate financial statements are provided for governmental funds, proprietary funds, internal service funds, and agency fund. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues susceptible to accrual as available if they are collected within 60 days after year-end.

Those revenues susceptible to accrual are property taxes, sales taxes, franchise taxes, fines, interest, and charges for services. Licenses and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The major governmental funds are:

General Fund: The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds:

HCDC – To account for the sales and use tax levied by the City on behalf of HCDC.

Anti-crime – To account for the sales and use tax levied by the City on behalf of HCCPD.

Capital Projects Funds:

Special Projects Fund – To account for the purchase or construction of building improvements, computer equipment, and office machinery and equipment. Financing is provided primarily by operating transfers from the General Fund.

2012 GO Bond Fund – To account for the 2012 GO Improvement Bonds issuance and the subsequent construction of the approved capital expenditures.

2014 CO Bond Fund – To account for the 2014 CO Improvement Bonds issuance and the subsequent construction of the related capital expenditures.

Internal Service Funds

The internal service funds account for the financing of goods or services provided by one department to other departments of the City on a user charge basis.

Fleet Service Fund – To account for the acquisition and financing of replacement vehicles of the General Fund and the repair and maintenance of vehicles. Operations are financed by charges to the user departments based on vehicle usage.

The Loss Reserve Fund – To account for the City's partially self-insured health care program. The program is financed by charges to user departments based on the number of covered employees and dependents.

Information Services Fund – To account for the personnel and operating costs of information services and the replacement cost of all computer related equipment. Operations are financed by charges to user departments on a cost-reimbursement basis.

Proprietary Funds

The Water and Sewer Enterprise Fund accounts for providing water and sewer to residential and commercial users and is accounted for using the accrual basis of accounting. This fund accounts for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year-end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Enterprise Fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

For purposes of reporting cash flows, the proprietary funds consider cash and investments with an initial maturity of less than three months as cash and cash equivalents.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the City as well as property taxes and sales taxes receivable. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

Investments

Investments are stated at fair value, defined as the price at which two willing parties would complete an exchange.

Inventories

Inventories in the general and proprietary fund types are carried at cost (first-in, first-out method). General fund inventories are recognized as expenditures when consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure such as roads, bridges, drainage systems, and lighting systems are reported at historical cost except for contributed assets which are recorded at their estimated fair market value at the date received. Intangible assets with indefinite lives are recorded at cost and no amortization is taken. Intangible assets of the City consist of right of ways and easements. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 - 40 years
Infrastructure	20 - 30 years
Water and sewer system	50 years
Improvements	10 - 20 years
Machinery and equipment	3 - 17 years

Interest expense is capitalized on capital projects with durations over one year in the proprietary funds. Interest is capitalized until the project is ready for the intended use. The minimum capitalization threshold is any item with a total cost greater than $5,000.

Compensated Absences

Vested vacation leave (unpaid to employees terminated before year-end) that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The long-term portion of compensated absences for governmental funds is reflected in the statement of net position. Vested or accumulated vacation leave within proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvested accumulating rights to receive sick pay benefits.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. There is no interest charge between funds for these advances.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable fund balance, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances because they do not constitute expenditures or liabilities. The City allows encumbrances to lapse leaving no reservation of fund balance at September 30, 2015.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City is reporting balances for deferred losses on bond refundings in both the government-wide Statement of Net Position and the Statement of Net Position – Proprietary Funds. A deferred loss on a bond refunding results when the issuance price of the refunding debt exceeds the carrying value of the debt that is refunded. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows also include pension related balances, which are detailed in Note 8.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows include pension related balances, which are detailed in Note 8.

Minimum Fund Balance

City management must institute a plan to achieve and maintain an unassigned fund balance in the general fund equal to no less than 90 days of operating expenditures. The City considers a balance of less than 90 days of operating expenditures to be cause for concern, barring unusual or deliberate circumstances. If unassigned fund balance falls below the goal or has a deficiency, the City will enact its fiscal management plan. The fiscal management plan provides specific language to guide expenditure reduction and/or revenue enhancement actions.

Fund Balance Classifications and Uses

Committed - The City Council has the highest level of decision making authority. A resolution approved by the Council is the formal action required to establish, modify, or rescind a fund balance commitment.

Assigned - The City Council has authorized the City's Assistant City Manager/Fiscal Services or the City Manager as the officials authorized to assign fund balance to a specific purpose as established by the fund balance policy. Assignments of fund balance are mostly related to funds identified for future capital needs and technology needs.

The highest level of restricted resources are utilized first when an expense is incurred for which restricted, committed, or assigned resources are available. Unassigned resources are utilized after all other resources have been exhausted. Restricted funds in the general fund are primarily hotel tax collections and amounts held for the NETS Urban Transit District.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A description of the purposes of the restricted, committed, and assigned governmental fund balances at September 30, 2015 and 2014 follows:

	2015	2014
Restricted:		
Capital	$ 6,112,093	$ 11,341,194
Community development	5,978,143	5,116,655
Public safety	7,473,622	8,438,116
Debt service	1,060,111	1,116,991
Traffic signal safety	210,371	91,591
Urban transit	656,688	462,167
Other	216,926	223,690
Total restricted fund balances	$ 21,707,954	$ 26,790,404
Committed:		
Parks	$ 305,069	$ 198,349
Assigned:		
Building security	$ 179,799	$ 184,991
Technology	169,195	149,924
Juvenile cash management	237,601	225,952
Capital and special projects	18,697,454	22,228,199
Total business-type activities net receivables	$ 19,284,049	$ 22,789,066

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Prior-Year Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's basic financial statements for the year ended September 30, 2014, as restated by the change in accounting principle described in Note 15.

NOTE 2. BUDGETARY DATA AND STEWARDSHIP

The City is required to annually adopt budgets for the General, Special Revenue, and Debt Service Funds on a basis consistent with GAAP. Budgeted amounts are originally adopted by the City Council for the 2014-2015 budget. There were no individual amendments to the original appropriations. Such appropriations lapse at year-end.

The City follows these procedures in establishing budgetary data reflected in the basic financial statements.

(1) Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

(2) Public hearings are conducted to obtain taxpayer comments.

(3) Prior to September 30, the budget is legally enacted through passage of an ordinance.

(4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council, after public hearings.

(5) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Debt Service Funds.

(6) Budgetary data for the Capital Projects Funds have not been presented in the accompanying basic financial statements as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Fund is not employed, and comparison of actual results of operations to budgetary data for such funds is not presented.

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended September 30, 2015:

HCDC special revenue	$ 126,601
Anti-crime special revenue	1,616,015
Debt service fund	74,161
HCDC debt service	345
Hotel/Motel debt service	282

Excesses are funded by available fund balance.

NOTE 3. CASH AND INVESTMENTS

The City's cash and investment policies are governed by State statutes and the adopted City Investment Policy. City policies governing bank deposits require depositories to be FDIC-insured institutions, and depositories must fully collateralize all deposits in excess of FDIC insurance limits.

Deposits –The carrying amount of the City's deposits is $18,036,865 while the bank balance is $20,010,589 at September 30, 2015. The bank balance is completely covered by Federal depository insurance or by collateral held by the City's agent in the City's name.

NOTE 3. CASH AND INVESTMENTS (Continued)

The City's investments are registered or held by the City or its agent in the City's name at September 30, 2015 and are as follows:

	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	$ 58,000,000	1.793
Investment pools	803,976	.002
U.S. government agency securities	1,299,508	.026
	$ 60,103,484	
Portfolio weighted average maturity		1.821

The City's investment in investment pools at September 30, 2015, represents an investment in Texpool and Texstar. Texpool and Texstar operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. They use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in Texpool and Texstar is the same as the value of Texpool or Texstar shares, respectively. The State Comptroller oversees Texpool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over Texstar, advisory boards consisting of participants and their designees maintain oversight responsibility for the investment pool.

Investments in any one issuer that represent 5% or more of the City's total investments follow:

Issuer	Investment Type	Reported Amount
Comerica	Certificates of Deposit	$ 27,500,000
Legacy Texas	Certificates of Deposit	9,000,000
		$ 36,500,000

Interest Rate Risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, in obligations of the State of Texas and related agencies, in obligations of states, agencies, counties, cities and other political subdivisions of any state rated "A" or above by Standard & Poor's Corporation or Moody's, repurchase agreements and designated investment pools. The City's investment in Texpool and Texstar are both rated AAAm by Standard & Poor's Corporation.

Custodial Credit Risk – The City invests in certificates of deposit at a bank with initial maturities greater than three months. These certificates of deposit are collateralized by securities held in the City's name by pledging financial institutions.

NOTE 4. PROPERTY TAX

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located in the City. The total assessed value upon which the fiscal 2015 levy is based is approximately $3,006,702,000. Such assessed value is computed based on 100% appraised values.

General property taxes are limited by the Texas Constitution to $2.50 per $100 of assessed valuation and by the City's Home Rule Charter to $1.50 per $100 of assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2015 is $0.606 per $100 of assessed valuation.

Property taxes attach as an enforceable lien on property as of January 1 following the levy date. Taxes are due by January 31 following the levy date. Current tax collections for the year ended September 30, 2015 are approximately 99% of the tax levy.

NOTE 5. NET RECEIVABLES

Net receivables consist of the following at September 30, 2015 and 2014:

	2015	2014
Governmental activities:		
Taxes receivable	$ 3,668,508	$ 3,545,472
Contract receivables	1,103,375	1,136,711
Charges to users	1,328,698	1,286,927
Interest	191,795	167,986
Other	279,643	426,859
Total governmental activities net receivables	6,572,019	6,563,955
Business-type activities:		
Charges to users	3,582,405	2,742,010
Interest	82,547	80,861
Other	109,819	85,294
Total business-type activities net receivables	3,774,771	2,908,165
Total net receivables	$ 10,346,790	$ 9,472,120

NOTE 6. CAPITAL ASSETS

A summary of changes in governmental activities capital assets follows:

	Balance October 1, 2014	Additions	Disposals/ Reclassifications	Balance September 30, 2015
Capital assets not being depreciated:				
Land	$ 56,603,804	$ -	$ -	$ 56,603,804
Construction in progress	20,037,325	14,049,958	(857,743)	33,229,540
Capital assets being depreciated:				
Buildings and improvements	73,950,357	14,900	-	73,965,257
Improvements other than buildings	145,059,585	189,326	142,003	145,390,914
Machinery and equipment	29,938,258	1,826,265	137,704	31,902,227
Total depreciable	248,948,200	2,030,491	279,707	251,258,398
Less accumulated depreciation for:				
Buildings and improvements	(27,068,466)	(3,073,750)	-	(30,142,216)
Improvements other than buildings	(110,707,332)	(3,403,106)	-	(114,110,438)
Machinery and equipment	(25,520,945)	(1,685,489)	543,593	(26,662,841)
Total accumulated depreciation	(163,296,743)	(8,162,345)	543,593	(170,915,495)
Total depreciable - net	85,651,457	(6,131,854)	823,300	80,342,903
Governmental activities capital assets, net	$ 162,292,586	$ 7,918,104	$ (34,443)	$ 170,176,247

	Balance October 1, 2013	Additions	Disposals/ Reclassifications	Balance September 30, 2014
Capital assets not being depreciated:				
Land	$ 56,617,376	$ -	$ (13,572)	$ 56,603,804
Construction in progress	8,316,614	12,649,279	(928,568)	20,037,325
Capital assets being depreciated:				
Buildings and improvements	73,953,102	-	(2,745)	73,950,357
Improvements other than buildings	141,741,326	886,190	2,432,069	145,059,585
Machinery and equipment	31,816,602	634,849	(2,513,193)	29,938,258
Total depreciable	247,511,030	1,521,039	(83,869)	248,948,200
Less accumulated depreciation for:				
Buildings and improvements	(23,925,986)	(3,159,335)	16,855	(27,068,466)
Improvements other than buildings	(107,288,447)	(3,422,652)	3,767	(110,707,332)
Machinery and equipment	(24,601,423)	(1,905,065)	985,543	(25,520,945)
Total accumulated depreciation	(155,815,856)	(8,487,052)	1,006,165	(163,296,743)
Total depreciable - net	91,695,174	(6,966,013)	922,296	85,651,457
Governmental activities capital assets, net	$ 156,629,164	$ 5,683,266	$ (19,844)	$ 162,292,586

Equipment in service under a capital lease amounts to $2,654,688 and $2,164,583 at September 30, 2015 and 2014, respectively. Amortization on the assets is included in depreciation and amounts to $107,224 for the years ended September 30, 2015 and 2014. Accumulated amortization on the assets is $536,121 and $428,897 as of September 30, 2015 and 2014, respectively.

NOTE 6. CAPITAL ASSETS (Continued)

Depreciation is charged to functions as follows:

	2015	2014
Governmental activities:		
General government	$ 1,958,963	$ 1,866,455
Public safety	816,235	1,426,383
Culture and recreation	2,203,833	2,109,908
Public works	3,183,314	3,084,306
Total governmental activities depreciation expense	$ 8,162,345	$ 8,487,052

Depreciation on capital assets held by the City's Internal Service Funds, which are predominantly related to governmental activities, is charged to various functions based on their usage of the assets and included in the amounts above.

Construction in progress consists of the following at September 30, 2015:

	Project Authorization	Expended Through September 30, 2015	Committed September 30, 2015
Community services improvements	$ 10,451,324	$ 8,901,087	$ 1,550,237
Drainage improvements	954,976	99,500	855,476
Street improvements	1,497,379	836,502	660,877
Other	25,160,604	23,392,451	1,768,153
Total	$ 38,064,283	$ 33,229,540	$ 4,834,743

The "project authorization" and "committed" amounts above are based on City estimates of total project costs.

A summary of changes in business-type capital assets follows:

	Balance October 1, 2014	Additions	Disposals/ Reclassifications	Balance September 30, 2015
Capital assets not being depreciated:				
Land	$ 402,478	$ -	$ -	$ 402,478
Construction in progress	1,194,058	527,707	(550,725)	1,171,040
Capital assets being depreciated:				
Utility plant in service	73,345,232	850,782	550,725	74,746,739
Buildings and improvements	509,262	-	-	509,262
Machinery and equipment	3,287,646	177,255	(96,293)	3,368,608
Total depreciable	77,142,140	1,028,037	454,432	78,624,609
Less accumulated depreciation for:				
Utility plant in service	(29,189,153)	(1,449,280)	7,752	(30,630,681)
Buildings and improvements	(160,407)	(16,975)	-	(177,382)
Machinery and equipment	(2,808,552)	(132,412)	86,394	(2,854,570)
Total accumulated depreciation	(32,158,112)	(1,598,667)	94,146	(33,662,633)
Total depreciable - net	44,984,028	(570,630)	548,578	44,961,976
Business-type activities capital assets, net	$ 46,580,564	$ (42,923)	$ (2,147)	$ 46,535,494

NOTE 6. CAPITAL ASSETS (Continued)

	Balance October 1, 2013	Additions	Disposals/ Reclassifications	Balance September 30, 2014
Capital assets not being depreciated:				
Land	$ 402,747	$ -	$ (269)	$ 402,478
Construction in progress	2,782,297	671,667	(2,259,906)	1,194,058
Capital assets being depreciated:				
Utility plant in service	70,635,502	680,832	2,028,898	73,345,232
Buildings and improvements	509,262	-	-	509,262
Machinery and equipment	3,093,770	261,760	(67,884)	3,287,646
Total depreciable	74,238,534	942,592	1,961,014	77,142,140
Less accumulated depreciation for:				
Utility plant in service	(27,783,103)	(1,406,458)	408	(29,189,153)
Buildings and improvements	(143,432)	(16,975)	-	(160,407)
Machinery and equipment	(2,787,375)	(88,186)	67,009	(2,808,552)
Total accumulated depreciation	(30,713,910)	(1,511,619)	67,417	(32,158,112)
Total depreciable - net	43,524,624	(569,027)	2,028,431	44,984,028
Business-type activities capital assets, net	$ 46,709,668	$ 102,640	$ (231,744)	$ 46,580,564

Construction in progress consists of the following at September 30, 2015:

	Project Authorization	Expended Through September 30, 2015	Committed September 30, 2015
Water	$ 997,580	$ 895,656	$ 101,924
Sewer	198,942	161,019	37,923
Other	1,010,253	114,365	895,888
Total	$ 2,206,775	$ 1,171,040	$ 1,035,735

In agreements dated August 19, 1996, the City and HCDC agreed to help fund certain expansion to North East Mall planned by the owner, Southeastern Simon, Inc. (Developer). The City and HCDC receive substantial benefit from the mall through 1% and ½% sales taxes, respectively, and believe that the ultimate economic gain in increased sales and property taxes and general economic expansion will be greater than the cost shared by the City and HCDC to help the Developer finance the expansion. The agreements describe two specific retail projects: mall expansion and community center.

Under the terms of the mall expansion agreement, the City and HCDC will pay to the developer an economic development incentive equal to a portion of sales tax revenues from certain new stores added in the expansion of North East Mall. The amount will be paid in the ratio of 2/3 from the City and 1/3 from HCDC (1% and ½% sales tax, respectively), and is being paid over 20 years, includes an interest factor of 7.50% of the unpaid principal balance, and will total no more than $34,581,563 in principal. The 20 year period began with the first full year of tax collections after the last opening of the new department stores (February 2003 taxes were paid in April 2003). Because the actual liability is not estimable, expenditures will be recorded in the year paid. In addition, the City provided $8,000,000 in streets and other infrastructure improvements, recorded as capital outlays when incurred.

The City also received from the Developer $4,381,510 to be used for the initial purchase of land. The land, which was purchased with this money, was given to the Developer.

NOTE 6. CAPITAL ASSETS (Continued)

No amount is accrued for unpaid interest. All principal and interest outstanding at the end of the term will be forgiven. Payments to the Developer will be applied in the following order:

1. Current year principal
2. Current year interest
3. Outstanding principal from prior years, if any
4. Outstanding interest from prior years, if any
5. Outstanding unpaid future principal

NOTE 7. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended September 30, 2015 (in thousands):

	Governmental Activities				
	Accrued Vacation and Sick Pay	Sales Tax Revenue Bonds	C.O. and G.O. Bonds	Capital Lease	Total
Balance at October 1, 2013	$ 4,656	$ 1,555	$ 48,988	$ 1,544	$ 56,743
Additions	1,263		13,060		14,323
Reductions	(1,662)	(535)	(7,477)	(288)	(9,962)
Balance at September 30, 2014	4,257	1,020	54,571	1,256	61,104
Additions	2,456	-	6,434	529	9,419
Reductions	(1,754)	(340)	(6,068)	(460)	(8,622)
Balance at September 30, 2015	$ 4,959	$ 680	$ 54,937	$ 1,325	$ 61,901

	Business-type Activities		
	Accrued Vacation and Sick Pay	C.O. and G.O. Bonds	Total
Balance at October 1, 2013	$ 179	$ 15,373	$ 15,552
Additions	253	2,268	2,521
Reductions	(235)	(3,468)	(3,703)
Balance at September 30, 2014	197	14,173	14,370
Additions	302	3,068	3,370
Reductions	(302)	(3,105)	(3,407)
Balance at September 30, 2015	$ 197	$ 14,136	$ 14,333

Substantially all vacation and sick leave is paid by the General Fund. Accrued vacation and sick pay are reported in governmental funds only if termination has occurred and the balance is due.

NOTE 7. LONG-TERM DEBT (Continued)

Governmental Activities:

	Outstanding	Due next year
Capital Lease:		
$1,785,305 capital lease due in annual installments of $466,353 through February 2018, plus interest at 2.75%, secured by equipment	$ 1,325,498	$ 429,902
Sales Tax Revenue Bonds:		
$3,505,000 Series 2011 Sales Tax Refunding Bonds due in annual installments of $105,000 to $670,000 through August 2019, plus interest at 2.40%	680,000	235,000
Tax and Water and Sewer (Limited Pledge) Certificates of Obligation:		
$2,000,000 Series 2006 Certificates of Obligation due in annual installments of $50,000 to $145,000 through August 2026, plus interest at 4.15% to 5.20%, partially refunded in November 2013	195,000	95,000
$2,000,000 Series 2007 Certificates of Obligation due in annual installments of $10,000 to $100,000 through August 2027, plus interest at 4.05% to 5.00%, partially refunded in November 2013 and July 2015	340,000	90,000
$6,040,000 Series 2008 Certificates of Obligation due in annual installments of $105,000 to $385,000 through August 2038, plus interest at 3.25% to 5.00%	5,460,000	135,000
$2,245,000 Series 2008 Certificates of Obligation due in annual installments of $65,000 to $175,000 through August 2028, plus interest at 3.50% to 5.00%	1,690,000	95,000
$6,035,000 Series 2008 Certificates of Obligation due in annual installments of $105,000 to $380,000 through August 2038, plus interest at 3.25% to 5.00%	5,455,000	135,000
$2,030,000 Series 2009 Certificates of Obligation due in annual installments of $60,000 to $145,000 through August 2029, plus interest at 2.00% to 4.625%	1,570,000	85,000
$7,355,000 Series 2014 Certificates of Obligation due in annual installments of $265,000 to $495,000 through August 2034, plus interest at 3.00% to 3.75%	7,090,000	290,000
$3,750,000 Series 2015 Certificates of Obligation due in annual installments of $95,000 to $185,000 through August 2035, plus interest at 2.00% to 4.00%	2,625,000	95,000
Certificates of Obligation	24,425,000	1,020,000

NOTE 7. LONG-TERM DEBT (Continued)

	Outstanding	Due next year
Tax and Water and Sewer (Limited Pledge)		
General Obligation:		
$4,500,000 Series 2006 General Obligation Bonds due in annual installments of $115,000 to $330,000 through August 2026, plus interest at 4.00% to 5.30%	440,000	215,000
$4,100,000 Series 2007 General Obligation Refunding and Improvement Bonds due in annual installments of $110,000 to $300,000 through August 2027, plus interest at 4.10% to 5.00%, partially refunded in November 2013	690,000	190,000
$2,960,000 Series 2011 General Obligation Refunding Bonds due in annual installments of $125,000 to $350,000 through August 2022, plus interest at 2.00% to 4.00%	2,035,000	290,000
$15,565,000 Series 2012 General Obligation Improvement Bonds due in annual installments of $255,000 to $870,000 through August 2042, plus interest at 2.00% to 3.375%	14,880,000	320,000
$1,810,000 Series 2012 General Obligation Refunding Bonds due in annual installments of $100,000 to $205,000 through August 2023, plus interest at 2.00% to 4.00%	1,410,000	155,000
$5,705,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $290,000 to $585,000 through August 2026, plus interest at 2.00% to 3.50%	5,255,000	270,000
$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of $10,000 to $370,000 through August 2027, plus interest at 2.00% to 4.00%	3,235,000	10,000
General obligation	27,945,000	1,450,000
	54,375,498	3,134,902
Net bond premium	2,566,725	168,127
Compensated absences	4,959,013	1,844,753
Total debt serviced by governmental activities	$ 61,901,236	$ 5,147,782
Business-type Activities:		
Certificates of Obligation with revenues pledged:		
$2,500,000 Series 2007 Certificates of Obligation due in annual installments of $15,000 to $120,000 through August 2027, plus interest at 4.05% to 5.00%, partially refunded in July 2015	$ 410,000	$ 115,000
$1,785,000 Series 2008 Certificates of Obligation due in annual installments of $50,000 to $135,000 through August 2028, plus interest at 3.50% to 5.00%	1,345,000	80,000

NOTE 7. LONG-TERM DEBT (Continued)

	Outstanding	Due next year
$4,070,000 Series 2009 Certificates of Obligation due in annual installments of $120,000 to $290,000 through August 2029, plus interest at 2.00% to 4.625%	3,150,000	175,000
$3,750,000 Series 2015 Certificates of Obligation due in annual installments of $40,000 to $80,000 through August 2035, plus interest at 2.00% to 4.00%	1,125,000	40,000
Total certificates of obligation	6,030,000	410,000
General Obligation Bonds used to refund revenue bonds:		
$1,140,000 Series 2007 General Obligation refunding bonds due in annual installments of $15,000 to $115,000 through August 2020, plus interest at 4.05% to 5.00%, partially refunded in July 2015	270,000	110,000
$2,435,000 Series 2009 General Obligation refunding bonds due in annual installments of $100,000 to $305,000 through August 2019, plus interest at 2.00% to 3.875%	975,000	280,000
$2,395,000 Series 2011 General Obligation Refunding Bonds due in annual installments of $40,000 to $285,000 through August 2022, plus interest at 2.00% to 4.00%	1,685,000	235,000
$1,215,000 Series 2012 General Obligation Refunding Bonds due in annual installments of $100,000 to $135,000 through August 2023, plus interest at 2.00% to 4.00%	920,000	105,000
$2,125,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $160,000 to $315,000 through August 2026, plus interest at 2.00% to 3.50%	1,910,000	315,000
$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of $5,000 to $160,000 through August 2027, plus interest at 2.00% to 4.00%	1,680,000	10,000
Total general obligation bonds used to refund revenue bonds	7,440,000	1,055,000
	13,470,000	1,465,000
Net bond premium	665,807	68,250
Compensated absences	196,882	73,241
Total debt serviced by the business-type activities	$ 14,332,689	$ 1,606,491

Certain bond issues contain a provision that allows the City to prepay or call the bonds at no premium.

NOTE 7. LONG-TERM DEBT (Continued)

In 2013, the City constructed a new Senior Citizens Activity Center in Heritage Village Plaza. A limited liability company, HVSL Venture, LLC (the "Developer"), recently opened an independent living facility adjacent to the Senior Center. The City and the Developer entered into an Economic Development Program Agreement pursuant to Chapter 380 of the Texas Local Government Code. The agreement was reached to encourage private development and conditions of the agreement call for the City to be a guarantor of one of the Developer's loans in the amount of $1.2 million. The lender is Liberty Bank located in the City. The developers are responsible for all costs of obtaining and servicing the loan, including interest and principal payments. The City, the Developer, and Liberty Bank agree that in the event the City pays all or a portion of the Developer's loan pursuant to the subject guaranty, the City shall receive all of the Developer's and lender's right, title, and interest to the extent of such interest, if any.

The annual requirements including interest to amortize all bonds outstanding at September 30, 2015, follow:

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2016	$ 2,705,000	$ 2,085,185	$ 1,465,000	$ 511,190
2017	2,815,000	1,995,448	1,335,000	464,705
2018	2,595,000	1,902,639	1,375,000	419,488
2019	2,680,000	1,817,191	1,230,000	370,933
2020	2,680,000	1,728,068	1,160,000	327,435
2021-2025	13,100,000	7,137,178	4,415,000	1,055,278
2026-2030	10,000,000	4,580,300	2,125,000	298,740
2031-2035	8,875,000	2,694,973	365,000	45,200
2036-2040	5,895,000	1,051,175	-	-
2041-2045	1,705,000	110,150	-	-
Total	$ 53,050,000	$ 25,102,307	$ 13,470,000	$ 3,492,969

The annual requirements including interest to amortize the capital lease outstanding at September 30, 2015, follow:

Year Ending	Capital Lease		
September 30,	Principal	Interest	Lease Payment
2016	$ 429,902	$ 36,451	$ 466,353
2017	441,725	24,628	466,353
2018	453,871	12,482	466,353
Total	$ 1,325,498	$ 73,561	$ 1,399,059

Interest expense shown on the proprietary funds statement of revenues, expenses, and changes in net assets is net of capitalized interest when applicable. No interest was capitalized for the years ended September 30, 2015 and 2014.

Advance Refundings

In July 2015, the City issued $3,235,000 of refunding tax obligations and $1,680,000 water and sewer obligations to fund payment of $3,275,000 of tax certificates of obligation and $1,685,000 water and sewer obligations. As a result of these transactions, all refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. The tax obligations and water and sewer obligations refunding was undertaken to reduce total future debt service payments by approximately $228,000 and resulted in an economic gain of approximately $195,000. At September 30, 2015, there is approximately $5,325,000 remaining in escrow related to advance refundings.

NOTE 8. DEFINED BENEFIT PENSION PLANS

Plan Description – The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided – TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Plan provisions for the City follow:

Employee deposit rate:	7.00%
Matching ratio (City to Employee):	2 to 1
A member is vested after	5 years
Updated service credit	100% repeating
Annuity increase to retirees*	30% of CPI

Members can retire at certain ages, based on the years of service with the City.
The Service Retirement Eligibilities for the City are: 5 years/age 60, 20 years/any age

* In fiscal year 2015, the annuity increase to retirees is 30% of CPI. However, this plan provision will be removed starting in fiscal year 2016.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	222
Inactive employees entitled to but not yet receiving benefits	135
Active employees	386
	743

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

Contributions – The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Hurst were required to contribute 7% of their annual gross earnings during the fiscal year. While the City's matching percentage is 200% or 2 to 1, the actuarially determined contribution rates for the City were 10.15% and 10.71% in calendar years 2015 and 2014, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were $2,472,612, and were equal to the required contributions.

Net Pension Liability – The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.5%	4.80%
International equity	17.5%	6.05%
Core fixed income	30.0%	1.50%
Non-core fixed income	10.0%	3.50%
Real return	5.0%	1.75%
Real estate	10.0%	5.25%
Absolute return	5.0%	4.25%
Private equity	5.0%	8.50%
Total	100.0%	

Discount Rate – The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Change in the Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Assets (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2013	$ 140,140,256	$ 131,549,606	$ 8,590,650
Changes for the year:			
Service cost	3,237,732	-	3,237,732
Interest	9,694,314	-	9,694,314
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,004,246)	-	(1,004,246)
Changes of assumptions	-	-	-
Contributions – employer	-	2,402,228	(2,402,228)
Contributions – employee	-	1,570,083	(1,570,083)
Net investment income	-	7,524,651	(7,524,651)
Benefit payments, including refunds of employee contributions	(6,537,857)	(6,537,857)	-
Administrative expense	-	(78,569)	78,569
Other changes	-	(6,459)	6,459
Net changes	5,389,943	4,874,077	515,866
Balance at December 31, 2014	$ 145,530,199	$ 136,423,683	$ 9,106,516

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	$ 28,495,222	$ 9,106,517	$ (6,942,762)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended September 30, 2015, the City recognized pension expense of $2,383,477.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 812,438
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	1,347,057	-
Contributions subsequent to the measurement date	1,753,413	-
Total	$ 3,100,470	$ 812,438

$1,753,413 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization
2015	$ 144,957
2016	144,957
2017	144,958
2018	144,958
2019	(45,211)
Total	$ 534,619

NOTE 9. INTERFUND BALANCES

Interfund Due To/Due From balances are primarily used to recognize: (1) internal cost allocations from internal service funds to other funds receiving services, (2) services provided by the General Fund to the Water and Sewer Enterprise Fund, (3) street rental fees from the Water and Sewer Enterprise Fund due to the General Fund, and (4) services provided by the General Fund to the Anti-Crime Special Revenue and HCDC Special Revenue Funds. These interfund balances are typically paid in the following fiscal year. At September 30, 2015, the respective interfund balances follow:

	Due From	Due To
General Fund	$ 6,212,063	$ 2,804,489
HCDC Special Revenue Fund	-	687,994
Anti-crime Special Revenue Fund	-	1,774,032
Water and Sewer Enterprise Fund	31,954	3,520,137
Special Projects Capital Project Fund	1,772,535	-
Nonmajor proprietary funds	-	77,964
Internal service funds	1,087,525	239,461
	$ 9,104,077	$ 9,104,077

A summary of interfund transfers for the year ended September 30, 2015, follows:

	Transfers In	Transfers Out
General Fund	$ 7,392	$ 3,215,776
HCDC Special Revenue Fund	-	1,362,830
Water and Sewer Enterprise Fund	-	38,334
Special Projects Capital Project Fund	1,784,535	-
Nonmajor governmental funds	1,683,680	-
Nonmajor proprietary funds	-	38,333
Internal service funds	1,191,666	12,000
	$ 4,667,273	$ 4,667,273

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

The HCDC Special Revenue Fund transferred funds to the HCDC Debt Service Fund so that required debt service payments are funded.

The General Fund transferred an excess of revenues over expenditures to the Special Projects Capital Projects Fund in order to provide funds for unfunded needs as well as one-time capital expenditures.

NOTE 10. INDIRECT COST/STREET RENTAL FEES

The General Fund provides certain general and administrative services and use of the City's streets to the proprietary fund types. Charges for such services totaled $6,212,063 in 2015 and $6,165,131 in 2014 and are reflected as reductions of expenditures in the General Fund and as expenses in the proprietary fund types.

NOTE 11. WATER AND SEWER CONTRACTS

On May 8, 1987, the City entered into a 30 year contract with the City of Fort Worth for the transportation, treatment, and disposal of sanitary sewage and other wastes. Under the terms of the contract, the City is obligated to make payments for sewage actually discharged and to share in the cost of operation and maintenance of the system. Sewer charges for 2015 under this contract were approximately $1,771,000.

In 1989, the City entered into a 21 year contract with the City of Fort Worth for the purchase of water. Under the terms of the contract, the City is obligated to pay varying amounts based on annual consumption and new rates established under the terms of their contract. The contract expired in 2010; however, operations have continued under the previous agreement by mutual consent pending development of a new contract. During 2015, water purchases under the contract cost approximately $4,683,000.

In 1969, the City entered into a 30 year contract with the Trinity River Authority of Texas (Authority) for the transportation, treatment, and disposal of sanitary sewage and other wastes. Under the terms of the contract, the City is obligated to make payments for sewage actually discharged and to share in the cost of operation and maintenance of the system. The Authority wastewater transportation contracts expired January 1, 2000; however, operations have continued under the previous agreement by mutual consent pending development of a new contract.

In 1975, the City entered into another contract expiring in 2023 with the Authority for the construction of a wastewater collection point on the Authority's system. The contract enables the City to utilize the Authority's system for disposal of wastewater. Under the terms of the contract, the City is obligated to share in the cost of the operation and maintenance of the system based on sewage actually discharged. Wastewater treatment charges incurred during 2015 under the 1969 and 1975 contracts with the Authority approximates $1,415,000.

NOTE 12. CONTINGENT LIABILITIES

The City participates in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To transfer some of the financial risk that would occur from these exposures, the City obtained liability insurance for claims arising from its general operations, police functions, and public officials' errors and omissions, subject to a $100,000 deductible. Property losses are insured on an "all-risk" basis with a basic $10,000 deductible. The City also purchased fidelity bonds and insurance to protect the City from employee dishonesty and theft by others.

The City established a Loss Reserve Fund (an internal service fund) to account for and finance its uninsured risks of loss for the City's largest uninsured category, employee health care benefits. Under this program, the fund pays for medical claims and administrative costs to the health care provider. The administrative costs include an annual amount for coverage of claims exceeding $100,000 per covered person, a cost for potential claims after an attachment point of approximately $5,600,000 per year and costs of administering the program, about $1,500 per employee. During the twenty years of the program, the attachment point for aggregate claims has never been reached.

NOTE 13. RISK MANAGEMENT (Continued)

All operating funds of the City make payments to the Loss Reserve Fund based on estimates of the amounts needed to pay prior and current year claims and to adjust a reserve for catastrophic losses. A consulting firm provides an analysis. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

Accrued claims payable, including claims that are incurred but not reported, are recorded as fund liabilities. The provision for claims is determined by estimating the amount which will ultimately be paid based on the City's experience.

Changes in the Funds' claims liability amount in fiscal years 2015 and 2014 are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates		Claims Payments	End of Fiscal Year Liability
Loss Reserve Fund					
2013-2014	$ 520,820	$ 3,830,164	Claims	$ 4,003,034	$ 347,950
			ASO	1,004,157	
2014-2015	347,950	4,949,887	Claims	4,795,423	502,414
			ASO	1,022,765	

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-end
General Fund – General Liability				
2013-2014	$ 100,000	$ 41,073	$ 41,073	$ 100,000
2014-2015	100,000	32,446	32,446	100,000

The City fully insures its building structures, contents, and equipment with purchase of commercial insurance in an all-risk blanket property insurance policy. The coverage limits have remained the same for the past several years with the following deductibles per occurrence: $10,000 for auto, $5,000 for mobile equipment, $25,000 for earthquake and flood, $10,000 for boiler and machinery.

NOTE 14. OTHER POST EMPLOYMENT BENEFIT PLANS

Plan Description

In conformity with GASB Statement No. 45, an actuarial valuation should be performed at least biennially. The City may perform actuarial valuations more often if, since the previous valuation, significant changes have occurred that affect the results of the valuation. The City's two most recent actuarial valuations were completed for December 2011 and December 2013. The City's post employment benefit plan is a single-employer defined benefit plan. A separate postemployment benefit plan is not available for this plan.

NOTE 14. OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Eligibility

1. The benefit is available to retirees and their spouses.

2. An employee must resign and satisfy the requirements for service retirement under the Texas Municipal Retirement System with at least 10 years of consecutive full-time service with the City immediately prior to retirement or, effective 4/1/2002, have a minimum of 25 years of full-time service with the City including a minimum of eight consecutive years of full-time service with the City immediately prior to retirement.

3. A retiree or his/her spouse is INELIGIBLE for coverage if he or she is eligible for any other group coverage through employment and will be required to certify this information.

A retiree/spouse who is not eligible when the employee retires is not eligible to rejoin at a later date. And if an eligible retiree/spouse waives coverage at any time, they are not eligible for reinstatement in the future.

Cost Sharing

- AFTER AGE 65 – Enroll in Medicare Advantage Plan, currently Humana. For each qualified retiree/spouse the City will contribute to the cost of a Group Medicare Advantage Plan for the eligible retiree/spouse in lieu of coverage through the City of Hurst Retiree Health Plan (retiree/spouse must be eligible to enroll). Eligible participating retirees and spouses age 65+ have the option to select a supplementary medigap policy or another Medicare Advantage plan of their choice and the City will reimburse the retiree and/or spouse what the City would have contributed for the retiree and/or spouse to the currently provided Medicare Advantage plan with documentation of the retiree's and/or spouse's monthly payment for the alternative policy/plan. The retiree and/or spouse will be responsible for the remainder of the premium. Eligible retirees/spouses must enroll in Medicare once eligible and pay the Medicare premiums.

- BEFORE AGE 65 – Enroll in the City's Retiree Health Plan. The City will contribute to the cost of the eligible retiree/spouse/dependent coverage. The eligible retiree will also contribute towards this coverage and the cost will vary based on the eligible retiree's years of consecutive full-time service to the City immediately prior to TMRS service retirement and level of coverage. Upon reaching the age of 65, the retiree/spouse will have the After Age 65 options listed above.

Surviving Dependents

If an eligible retiree and his/her eligible dependents are covered by the City of Hurst Retiree Health Plan and the retiree dies:

- The surviving spouse may continue as a survivor under the plan up to age 65. He/she may continue eligible dependent coverage with the City's plan by paying the applicable retiree/dependent cost based on the retiree's years of consecutive service with the City of Hurst immediately prior to the eligible retiree's TMRS service retirement. Surviving spouses/dependents must continue to meet eligibility requirements.

- At age 65, the surviving spouse may be covered by the City's Medicare Advantage plan in effect at the time by paying 100% of the Medicare Advantage premium as long as he/she continues to meet eligibility requirements. Retiree reimbursement option is not available to surviving spouses.

NOTE 14. OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Life Insurance

Effective for employees retiring 10/1/1997 or later, the City continues life insurance for the retiree at 50% of the City provided life insurance the retiree had as an active employee at no cost to the retiree. Effective 10/1/11, the maximum retiree life insurance is $75,000. The amount of retiree life insurance coverage is subject to the same percentage reductions as active employees at age 70 or older.

Dental

Eligible retirees may continue the dental coverage they had for themselves and their eligible dependents on their date of retirement by paying 100% of the premium. There is no City contribution.

IMPORTANT NOTICE: THE CITY RESERVES THE RIGHT TO AMEND, MODIFY, AND/OR TERMINATE ITS PARTICIPATION WITH RETIREE COVERAGE AT ANY TIME. NO PERSON SHALL BE VESTED IN ANY RIGHT UNDER THIS POLICY OF RETIREE COVERAGE.

Funding Policy and Annual OPEB Cost

The City's annual other post-employment benefits (OPEB) cost is calculated based on the annual OPEB cost of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of funding that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The annual OPEB cost for the fiscal year ending September 30, 2015, is as follows:

Annual OPEB cost	$ 850,213
Interest on OPEB asset	(5,896)
Adjustment to ARC	4,750
Annual OPEB cost end of year	849,067
Net estimated employer contributions	(700,212)
Decrease in net OPEB asset	148,855
Net OPEB asset – as of beginning of the year	(172,648)
Net OPEB asset– as of end of year	$ (23,793)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2015 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Employer Annual Required Contribution	Employer Amount Contributed	Percentage Contributed	Net OPEB Asset
September 30, 2013	$ 752,213	$ 765,484	102%	$ (78,647)
September 30, 2014	774,611	868,641	112	(172,648)
September 30, 2015	849,067	700,212	82	(23,793)

NOTE 14. OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Funding Status and Funding Progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2011 and 2013 is as follows:

Actuarial Valuation Date as of December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll	UAAL Percentage of Annual Covered Payroll
2011	$ 1,116,484	$ 8,954,978	$ 7,838,494	12.5%	$ 19,930,639	39%
2013	1,807,416	10,305,299	8,497,883	17.5%	21,085,932	40%

Under the reporting parameters, the City's retiree health care plan is 17.5% funded with an estimated actuarial accrued liability exceeding actuarial assets by $8,497,883 at December 31, 2013. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 40%.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Inflation rate	3.00% per annum
Actuarial asset valuation	Current market value
Investment rate of return	7.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll Growth	3.00% per annum
Healthcare cost trend rate	Initial rate of 6.50% declining to an ultimate rate of 3.50% after 8 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual OPEB cost of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 15. CHANGE IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENT

During 2015, the City adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. The objective of the statement is to improve accounting and financial reporting by state and local governments for pensions. This resulted in a direct decrease to net position of $5,826,976 and $1,068,957 for governmental activities and business-type activities, respectively. The decrease in net position results as follows:

	Governmental Activities	Business-type Activities
Record beginning net pension liability	$ (7,258,991)	$ (1,331,659)
Record beginning deferred outflows	1,432,015	262,702
Decrease to beginning net position	(5,826,976)	(1,068,957)
Beginning net position, as previously stated	171,782,903	49,138,020
Beginning net position, as restated	$ 165,955,927	$ 48,069,063

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF HURST
TEXAS

CITY OF HURST, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years*

	2014
Total Pension Liability	
Service cost	$ 3,237,732
Interest (on the Total Pension Liability)	9,694,314
Changes of benefit terms	-
Difference between expected and actual experience	(1,004,246)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(6,537,857)
Net Change in Total Pension Liability	5,389,943
Total Pension Liability - Beginning	140,140,256
Total Pension Liability - Ending (a)	145,530,199
Plan Fiduciary Net Position	
Contributions - employer	2,402,228
Contributions - employee	1,570,083
Net investment income	7,524,651
Benefit payments, including refunds of employee contributions	(6,537,857)
Administrative expense	(78,569)
Other	(6,459)
Net Change in Plan Fiduciary Net Position	4,874,077
Plan Fiduciary Net Position - Beginning	131,549,606
Plan Fiduciary Net Position - Ending (b)	136,423,683
Net Pension Liability - Ending (a) - (b)	$ 9,106,516
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.74%
Covered Employee Payroll	22,349,232
Net Pension Liability as a Percentage of Covered Employee Payroll	40.75%

* GASB 68 requires 10 years of data to be provided in this schedule. The City will build this schedule over the next 10-year period.

CITY OF HURST, TEXAS

SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	2015
Actuarially determined contribution	$ 1,668,977
Contributions in relation to the actuarially determined contribution	(1,668,977)
Contribution deficiency (excess)	$ -
Covered payroll	$ 23,982,153
Contributions as a percentage of covered employee payroll	6.96%

* GASB 68 requires 10 years of data to be provided in this schedule. The City will build this schedule over the next 10-year period.

See Notes to Schedule of Contributions.

CITY OF HURST

NOTES TO SCHEDULE OF CONTRIBUTIONS

NOTE 1. CONTRIBUTIONS

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods of Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20 years
Asset Valuation Method	10-year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.5% to 12.00%, including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 – 2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

The City granted 30% ad hoc cost of living adjustment (COLA).

CITY OF HURST
TEXAS

CITY OF HURST, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS
Year Ended September 30, 2015 with Comparative Actual for Year Ended September 30, 2014

	2015			2014
	Original and Final Budget	Actual	Variance	Actual
Revenues:				
Taxes:				
Property taxes	$ 10,566,311	$ 10,658,805	$ 92,494	$ 9,966,654
Penalties and interest	65,000	59,749	(5,251)	70,130
City sales taxes	8,534,622	10,788,437	2,253,815	10,047,044
Mixed beverage taxes	98,000	143,374	45,374	118,387
Franchise taxes	2,938,000	3,038,771	100,771	3,088,049
	22,201,933	24,689,136	2,487,203	23,290,264
Licenses and permits:				
Building inspection	679,249	678,712	(537)	702,684
Paving inspection	10,000	3,857	(6,143)	3,700
Other	12,500	24,520	12,020	18,950
	701,749	707,089	5,340	725,334
Intergovernmental:				
Grants	444,504	687,458	242,954	471,641
	444,504	687,458	242,954	471,641
Fines and fees:				
Municipal court	2,358,000	2,361,961	3,961	2,473,558
Library	52,000	43,517	(8,483)	47,440
	2,410,000	2,405,478	(4,522)	2,520,998
Charges for services:				
Recreational activity fees	845,750	808,957	(36,793)	830,922
Aquatic fees	389,200	144,986	(244,214)	259,316
Ambulance fees	680,000	668,680	(11,320)	738,120
Other	67,200	77,183	9,983	64,823
	1,982,150	1,699,806	(282,344)	1,893,181
Miscellaneous:				
Interest income	40,000	26,438	(13,562)	54,560
Miscellaneous	255,000	425,225	170,225	448,347
	295,000	451,663	156,663	502,907
Total revenues	28,035,336	30,640,630	2,605,294	29,404,325

(Continued)

CITY OF HURST, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS (Continued)
Year Ended September 30, 2015 with Comparative Actual for Year Ended September 30, 2014

	2015			2014
	Original and Final Budget	Actual	Variance	Actual
Expenditures:				
General government:				
City Council	29,789	35,458	(5,669)	26,920
City Secretary	226,418	219,006	7,412	198,277
Administration (City Manager)	493,461	184,918	308,543	187,948
Judicial (municipal court)	712,190	633,199	78,991	614,996
Development	458,298	429,149	29,149	312,274
Personnel	204,022	227,974	(23,952)	129,277
Accounting (finance)	209,845	154,075	55,770	132,703
Nondepartmental	677,070	256,781	420,289	64,145
Information systems	42,855	35,438	7,417	48,311
Building maintenance	629,221	523,800	105,421	427,176
Total general government	3,683,169	2,699,798	983,371	2,142,027
Public safety:				
Ambulance	1,216,289	1,238,990	(22,701)	1,266,856
Police	8,783,093	8,287,569	495,524	7,878,940
Fire	6,114,935	6,257,896	(142,961)	6,117,181
Total public safety	16,114,317	15,784,455	329,862	15,262,977
Culture and recreation:				
Administration	293,487	295,335	(1,848)	279,507
Recreation	1,340,365	1,223,240	117,125	1,144,963
Aquatics	496,955	230,452	266,503	411,928
Parks	3,298,556	2,042,721	1,255,835	2,228,989
Library	1,629,355	1,597,360	31,995	1,514,650
Senior citizens	481,277	522,068	(40,791)	445,292
Total culture and recreation	7,539,995	5,911,176	1,628,819	6,025,329
Public works:				
Streets	1,364,048	1,193,188	170,860	1,074,013
Engineering community development	115,030	99,869	15,161	69,741
Code enforcement (code administration)	471,744	461,031	10,713	397,192
Total public works	1,950,822	1,754,088	196,734	1,540,946
Total expenditures	29,288,303	26,149,517	3,138,786	24,971,279
Excess (deficiency) of revenues over (under) expenditures	(1,252,967)	4,491,113	5,744,080	4,433,046

CITY OF HURST, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS (Continued)
Year Ended September 30, 2015 with Comparative Actual for Year Ended September 30, 2014

	2015			2014
	Original and Final Budget	Actual	Variance	Actual
Other financing sources (uses):				
Transfers in	-	7,392	7,392	-
Transfers out	-	(3,215,776)	(3,215,776)	(3,459,273)
Total other financing uses	-	(3,208,384)	(3,208,384)	(3,459,273)
Revenues over (under) expenditures and other financing uses	(1,252,967)	1,282,729	2,535,696	973,773
Fund balance - beginning of year	11,004,934	11,004,934	-	10,031,161
Fund balance - end of year	$ 9,751,967	$ 12,287,663	$ 2,535,696	$ 11,004,934

CITY OF HURST, TEXAS

MAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
Year Ended September 30, 2015 with Comparative Actual for Year Ended September 30, 2014

	HCDC			
	Original and Final Budget	2015 Actual	Variance	2014 Actual
Revenues:				
Sales taxes	$ 4,200,601	$ 5,072,410	$ 871,809	$ 4,747,930
Support from governmental entities	-	-	-	-
Interest	20,000	22,569	2,569	15,877
Miscellaneous	-	7,505	7,505	8,355
Total revenues	4,220,601	5,102,484	881,883	4,772,162
Expenditures:				
Public safety	-	-	-	-
Culture and recreation	2,710,769	2,525,601	185,168	2,409,652
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	225,000	536,769	(311,769)	899,851
Total expenditures	2,935,769	3,062,370	(126,601)	3,309,503
Excess of revenues over expenditures	1,284,832	2,040,114	755,282	1,462,659
Other financing uses:				
Capital lease	-	-	-	-
Transfers out	(1,362,830)	(1,362,830)	-	(967,476)
Total other financing uses	(1,362,830)	(1,362,830)	-	(967,476)
Revenues over (under) expenditures and other financing uses	(77,998)	677,284	755,282	495,183
Fund balance - beginning of year	4,039,983	4,039,983	-	3,544,800
Fund balance - end of year	$ 3,961,985	$ 4,717,267	$ 755,282	$ 4,039,983

CITY OF HURST, TEXAS

MAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
Year Ended September 30, 2015 with Comparative Actual for Year Ended September 30, 2014

	Anti-Crime			
	Original and Final Budget	2015 Actual	Variance	2014 Actual
Revenues:				
Sales taxes	$ 4,868,182	$ 5,358,521	$ 490,339	$ 5,028,717
Support from governmental entities	64,464	80,314	15,850	163,599
Interest	35,000	49,428	14,428	30,742
Miscellaneous	-	23,191	23,191	3,174
Total revenues	4,967,646	5,511,454	543,808	5,226,232
Expenditures:				
Public safety	4,933,184	5,005,724	(72,540)	4,943,196
Culture and recreation	-	-	-	-
Principal retirement	287,924	459,807	(171,883)	287,924
Interest and fiscal charges	54,205	6,546	47,659	54,205
Capital outlay	74,725	1,493,976	(1,419,251)	225,281
Total expenditures	5,350,038	6,966,053	(1,616,015)	5,510,606
Deficiency of revenues under expenditures	(382,392)	(1,454,599)	(1,072,207)	(284,374)
Other financing sources:				
Capital lease	-	490,105	490,105	-
Transfers out	-	-	-	-
Total other financing sources	-	490,105	490,105	-
Revenues and other financing sources under expenditures	(382,392)	(964,494)	(582,102)	(284,374)
Fund balance - beginning of year	8,438,116	8,438,116	-	8,722,490
Fund balance - end of year	$ 8,055,724	$ 7,473,622	$ (582,102)	$ 8,438,116

CITY OF HURST
TEXAS

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

CITY OF HURST
TEXAS

CITY OF HURST
FUND DESCRIPTIONS

GENERAL FUND

The General Fund – Used to account for all revenues and expenditures not accounted for in other funds.

NON MAJOR DEBT SERVICE FUNDS

The Debt Service Fund – To provide for the payment of general obligation bond principal and interest as they come due. Property tax is required to be computed and levied which will be sufficient to produce the money required to pay principal and interest and fiscal agent fees as they come due.

The HCDC Debt Service Fund – To account for the sales tax revenue required to pay principal and interest and fiscal agent fees related to sales tax revenue bonds.

Hotel/Motel Debt Service Fund – To provide for the payment of bond principal and interest for the Hotel/Motel portion of the general fund as they come due.

NON MAJOR CAPITAL PROJECTS FUNDS

Street/Drainage Improvements Fund – To account for the financing and construction of various street and drainage projects. Financing was provided by general obligation bond proceeds and operating transfers from the General Fund.

2006 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds and an operating transfer from the Debt Service Fund to cover costs of financing.

2007 G.O. Bond Capital Projects Fund – To account for the financing and construction of voter approved projects. Financing was provided by general obligation bond proceeds.

2007 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2009 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2015 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

Escrow Projects Capital Projects Fund – To account for the construction of projects that are partially paid through escrow funds. Financing was provided by various sources including developer escrow funds.

NON MAJOR PROPRIETARY FUNDS

Stormwater Fund – Used to account for the collection of stormwater management service fees and the repair and maintenance of capital assets supported by this fee.

Conference & Meeting Center Fund – Used to account for the operations of the City's conference and meeting center. Fees are charged for use of the center.

CITY OF HURST
FUND DESCRIPTIONS (Continued)

INTERNAL SERVICE FUNDS

The Fleet Service Fund – Used to account for the acquisition and financing of replacement vehicles of the General Fund and the repair and maintenance of all vehicles. Operations are financed by charges to user departments based on vehicle usage.

The Loss Reserve Fund – Used to account for the City's self-insurance health care program. The program is financed by charges to user departments based on the number of covered employees and dependents.

The Information Services Fund – Used to account for the personnel and operating costs of information services and the replacement cost of all computer related equipment. Operations are financed by charges to user departments on a cost-reimbursement basis.

GOVERNMENTAL CAPITAL ASSETS

The Governmental Capital Assets – Used to account for all capital assets not used in enterprise funds.

CITY OF HURST, TEXAS

GENERAL FUND
COMPARATIVE BALANCE SHEETS
September 30, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	$ 1,686,005	$ 2,485,015
Investments	7,598,503	5,619,000
Taxes receivable	1,801,066	1,732,527
Accounts receivable	395,215	471,401
Inventories and other	1,883	1,883
Due from other funds	6,212,063	6,365,131
Total assets	$ 17,694,735	$ 16,674,957
Liabilities and Fund Balance		
Liabilities:		
Accounts payable and accrued items	$ 2,184,662	$ 2,032,644
Deposits, bonds, and other liabilities	361,765	593,316
Unearned revenue	56,156	34,460
Due to other funds	2,804,489	3,009,603
Total liabilities	5,407,072	5,670,023
Fund balance:		
Nonspendable:		
Inventory	1,883	1,883
Spendable:		
Restricted	2,344,861	1,854,120
Committed	305,069	198,349
Assigned	586,595	560,867
Unassigned	9,049,255	8,389,715
Total fund balance	12,287,663	11,004,934
Total liabilities and fund balance	$ 17,694,735	$ 16,674,957

CITY OF HURST, TEXAS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2015 with Comparative
Total for September 30, 2014

		Capital Projects			
	Debt Service	Street/ Drainage Improvements	2006 CO Bond	2007 GO Bond	2007 CO Bond
Assets					
Cash and cash equivalents	$ 1,040,975	$ 421,634	$ 18,565	$ 39,913	$ 5,209
Investments	50,000	500,000	-	-	100,000
Receivables:					
Taxes	25,609	-	-	-	-
Other	-	-	-	-	-
Total assets	$ 1,116,584	$ 921,634	$ 18,565	$ 39,913	$ 105,209
Liabilities					
Accounts payable and accrued items	$ 38,783	$ -	$ -	$ -	$ -
Escrow deposits and unearned revenue	17,690	-	-	-	-
Total liabilities	56,473	-	-	-	-
Fund Balances					
Restricted	1,060,111	921,634	18,565	39,913	105,209
Total fund balances	1,060,111	921,634	18,565	39,913	105,209
Total liabilities and fund balances	$ 1,116,584	$ 921,634	$ 18,565	$ 39,913	$ 105,209

Capital Projects				
2009 CO Bond	2015 CO Bond	Escrow Projects	Totals 2015	Totals 2014
$ 1,149,318	$ -	$ 163,420	$ 2,839,034	$ 3,195,524
601,999	2,800,000	-	4,051,999	1,051,745
-	-	-	25,609	22,161
-	-	2,141	2,141	2,141
$ 1,751,317	$ 2,800,000	$ 165,561	$ 6,918,783	$ 4,271,571
$ -	$ -	$ -	$ 38,783	$ 46,133
-	-	99,176	116,866	111,326
-	-	99,176	155,649	157,459
1,751,317	2,800,000	66,385	6,763,134	4,114,111
1,751,317	2,800,000	66,385	6,763,134	4,114,111
$ 1,751,317	$ 2,800,000	$ 165,561	$ 6,918,783	$ 4,271,570

CITY OF HURST, TEXAS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended September 30, 2015 with Comparative Total for Year Ended September 30, 2014

		Capital Projects			
	Debt Service	Street/ Drainage Improvements	2006 CO Bond	2007 GO Bond	2007 CO Bond
Revenues:					
Taxes, penalty, and interest	$ 3,374,862	$ -	$ -	$ -	$ -
Interest	6,507	3,493	699	-	1,033
Miscellaneous	8,087	140	-	-	-
Total revenues	3,389,456	3,633	699	-	1,033
Expenditures:					
Bond principal payments	3,000,000	-	-	-	-
Bond issue costs/interest	2,199,765	-	-	-	-
General government	-	-	-	-	-
Capital outlay	-	14,517	13,593	-	124,427
Total expenditures	5,199,765	14,517	13,593	-	124,427
Excess (deficiency) of revenues over (under) expenditures	(1,810,309)	(10,884)	(12,894)	-	(123,394)
Other financing sources (uses):					
Debt proceeds	-	-	-	-	-
Premium on bond issuance	340,095	-	-	-	-
Refunding bonds issued	3,235,000	-	-	-	-
Payment to refunded bonds escrow agent	(3,505,346)	-	-	-	-
Transfers in	1,683,680	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources	1,753,429	-	-	-	-
Net change in fund balances	(56,880)	(10,884)	(12,894)	-	(123,394)
Fund balances, beginning	1,116,991	932,518	31,459	39,913	228,603
Fund balances, ending	$ 1,060,111	$ 921,634	$ 18,565	$ 39,913	$ 105,209

Capital Projects				
2009 CO Bond	2015 CO Bond	Escrow Projects	Totals 2015	Totals 2014
$ -	$ -	$ -	$ 3,374,862	$ 3,538,667
5,010	-	-	16,742	22,024
-	-	244,645	252,872	4,208
5,010	-	244,645	3,644,476	3,564,899
-	-	-	3,000,000	3,040,000
-	-	-	2,199,765	2,035,417
-	-	-	-	2,505
4,312	59,190	192,268	408,307	703,706
4,312	59,190	192,268	5,608,072	5,781,628
698	(59,190)	52,377	(1,963,596)	(2,216,729)
-	2,625,000	-	2,625,000	-
-	234,190	-	574,285	383,035
-	-	-	3,235,000	5,705,000
-	-	-	(3,505,346)	(5,984,367)
-	-	-	1,683,680	1,353,441
-	-	-	-	(45)
-	2,859,190	-	4,612,619	1,457,064
698	2,800,000	52,377	2,649,023	(759,665)
1,750,619	-	14,008	4,114,111	4,873,776
$ 1,751,317	$ 2,800,000	$ 66,385	$ 6,763,134	$ 4,114,111

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 2015 with Comparative
Total for September 30, 2014

	Debt Service Fund	HCDC Debt Service Fund	Hotel/Motel Debt Service Fund	Totals 2015	Totals 2014
Assets					
Cash and cash equivalents	$ 349,739	$ 691,044	$ 192	$ 1,040,975	$ 1,095,763
Investments	50,000	-	-	50,000	50,000
Delinquent taxes, net of allowance for uncollectible accounts of $90,870 in 2015 and $95,328 in 2014	25,609	-	-	25,609	22,161
Total assets	$ 425,348	$ 691,044	$ 192	$ 1,116,584	$ 1,167,924
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued items	$ 12,186	$ 26,597	$ -	$ 38,783	$ 38,783
Unearned revenue	17,690	-	-	17,690	12,150
Total liabilities	29,876	26,597	-	56,473	50,933
Restricted fund balances	395,472	664,447	192	1,060,111	1,116,991
Total liabilities and fund balances	$ 425,348	$ 691,044	$ 192	$ 1,116,584	$ 1,167,924

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended September 30, 2015 with Comparative Total for Year Ended September 30, 2014

	Debt Service Fund	HCDC Debt Service Fund	Hotel/Motel Debt Service Fund	Totals 2015	Totals 2014
Revenues:					
Taxes, penalty, and interest	$ 3,374,862	$ -	$ -	$ 3,374,862	$ 3,538,667
Interest	4,628	1,686	193	6,507	11,897
Miscellaneous	-	8,087	-	8,087	4,208
Total revenues	3,379,490	9,773	193	3,389,456	3,554,772
Expenditures:					
Principal retirement	2,135,000	735,000	130,000	3,000,000	3,040,000
Interest and fiscal charges	1,380,739	548,175	270,851	2,199,765	2,035,417
Total expenditures	3,515,739	1,283,175	400,851	5,199,765	5,075,417
Deficiency of revenues under expenditures	(136,249)	(1,273,402)	(400,658)	(1,810,309)	(1,520,645)
Other financing sources (uses):					
Refunding bonds issued	3,235,000	-	-	3,235,000	5,705,000
Premium on bond issuance	340,095	-	-	340,095	383,035
Payment to bonds escrow agent	(3,505,346)	-	-	(3,505,346)	(5,984,367)
Transfers in	-	1,282,830	400,850	1,683,680	1,353,441
Total other financing sources	69,749	1,282,830	400,850	1,753,429	1,457,109
Revenues and other financing sources over (under) expenditures and other financing sources	(66,500)	9,428	192	(56,880)	(63,536)
Fund balances - beginning of year	461,972	655,019	-	1,116,991	1,180,527
Fund balances - end of year	$ 395,472	$ 664,447	$ 192	$ 1,060,111	$ 1,116,991

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended September 30, 2015 with Comparative Actual for Year Ended September 30, 2014

	DEBT SERVICE			
	2015			2014
	Budget	Actual	Variance	Actual
Revenues:				
Taxes, penalty, and interest	$ 3,451,578	$ 3,374,862	$ (76,716)	$ 3,538,667
Interest	10,000	4,628	(5,372)	8,465
Miscellaneous	-	-	-	4,208
Total revenues	3,461,578	3,379,490	(82,088)	3,551,340
Expenditures:				
Principal retirement	2,135,000	2,135,000	-	2,265,000
Interest and fiscal charges	1,306,578	1,380,739	(74,161)	1,447,099
Total expenditures	3,441,578	3,515,739	(74,161)	3,712,099
Excess (deficiency) of revenues over (under) expenditures	20,000	(136,249)	(156,249)	(160,759)
Other financing sources (uses):				
Refunding bonds issued	-	3,235,000	3,235,000	5,705,000
Premium on bond issuance	-	340,095	340,095	383,035
Payment to bonds escrow agent	-	(3,505,346)	(3,505,346)	(5,984,367)
Total other financing sources	-	69,749	69,749	103,668
Revenues and other financing sources over (under) expenditures	20,000	(66,500)	(86,500)	(57,091)
Fund balance - beginning of year	461,972	461,972	-	519,063
Fund balance - end of year	$ 481,972	$ 395,472	$ (86,500)	$ 461,972

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)
Year Ended September 30, 2015 with Comparative Actual for Year Ended September 30, 2014

	HCDC DEBT SERVICE			
	2015			2014
	Budget	Actual	Variance	Actual
Revenues:				
Interest	$ -	$ 1,686	$ 1,686	$ 3,274
Miscellaneous	-	8,087	8,087	-
Total revenues	-	9,773	9,773	3,274
Expenditures:				
Principal retirement	735,000	735,000	-	655,000
Interest and fiscal charges	547,830	548,175	(345)	312,668
Total expenditures	1,282,830	1,283,175	(345)	967,668
Excess (deficiency) of revenues over (under) expenditures	(1,282,830)	(1,273,402)	9,428	(964,394)
Other financing sources:				
Transfers in	1,282,830	1,282,830	-	967,476
Total other financing sources	1,282,830	1,282,830	-	967,476
Revenues and other financing sources over expenditures	-	9,428	9,428	3,082
Fund balance - beginning of year	655,019	655,019	-	651,937
Fund balance - end of year	$ 655,019	$ 664,447	$ 9,428	$ 655,019

(Continued)

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)
Year Ended September 30, 2015 with Comparative Actual for Year Ended September 30, 2014

	Hotel/Motel Debt Service			
	2015			2014
	Budget	Actual	Variance	Actual
Revenues:				
Interest	$ -	$ 193	$ 193	$ 158
Total revenues	-	193	193	158
Expenditures:				
Principal retirement	130,000	130,000	-	120,000
Interest and fiscal charges	270,569	270,851	(282)	275,650
Total expenditures	400,569	400,851	(282)	395,650
Deficiency of revenues under expenditures	(400,569)	(400,658)	(89)	(395,492)
Other financing sources:				
Transfers in	400,569	400,850	281	385,965
Total other financing sources	400,569	400,850	281	385,965
Revenues and other financing sources over (under) expenditures	-	192	192	(9,527)
Fund balance - beginning of year	-	-	-	9,527
Fund balance - end of year	$ -	$ 192	$ 192	$ -

CITY OF HURST, TEXAS

NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2015 with Comparative
Total for September 30, 2014

	Stormwater	Conference & Meeting Center	Totals 2015	Totals 2014
Assets				
Current assets:				
Cash and cash equivalents	$ 439,719	$ 229,985	$ 669,704	$ 231,484
Investments	1,320,000	-	1,320,000	1,520,000
Accounts receivable	153,495	67,184	220,679	199,985
Other receivables	8,060	-	8,060	5,182
Inventory of materials and supplies, at cost	-	37,498	37,498	25,258
Prepaids and other assets	-	13,959	13,959	14,682
Total current assets	1,921,274	348,626	2,269,900	1,996,591
Capital assets, at cost	1,892,262	-	1,892,262	1,407,905
Accumulated depreciation	(124,096)	-	(124,096)	(72,568)
Total capital assets	1,768,166	-	1,768,166	1,335,337
Total assets	3,689,440	348,626	4,038,066	3,331,928
Deferred Outflows of Resources				
Deferred contributions to pension plan	16,563	47,288	63,851	-
Investment experience related to pension plan	12,724	36,329	49,053	-
Total deferred outflows	29,287	83,617	112,904	-
Total assets and deferred outflows	$ 3,718,727	$ 432,243	$ 4,150,970	$ 3,331,928
Liabilities				
Current liabilities:				
Accounts payable and accrued items	$ 67,274	$ 108,662	$ 175,936	$ 132,228
Due to other funds	77,964	-	77,964	84,817
Unearned revenue	-	283,898	283,898	185,120
Current portion of compensated absences	333	11,453	11,786	11,312
Total current liabilities	145,571	404,013	549,584	413,477
Pension liability	96,566	256,238	352,804	-
Compensated absences, net of current portion	561	19,334	19,895	16,652
Total liabilities	242,698	679,585	922,283	430,129
Deferred Inflows of Resources				
Change in pension assumptions	7,674	21,910	29,584	-
Net Position				
Net investment in capital assets	1,768,166	-	1,768,166	1,335,337
Unrestricted	1,700,189	(269,252)	1,430,937	1,566,462
Total net position	3,468,355	(269,252)	3,199,103	2,901,799
Total liabilities, deferred inflows, and net position	$ 3,718,727	$ 432,243	$ 4,150,970	$ 3,331,928

CITY OF HURST, TEXAS

NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended September 30, 2015 with Comparative Total for Year Ended September 30, 2014

	Stormwater	Conference & Meeting Center	Totals 2015	Totals 2014
Operating revenues:				
Storm drainage utility fee	$ 1,085,025	$ -	$ 1,085,025	$ 1,083,301
Event fees	-	1,927,152	1,927,152	2,003,045
Other	7,451	-	7,451	3,634
Total operating revenues	1,092,476	1,927,152	3,019,628	3,089,980
Operating expenses:				
Personnel services	314,518	1,051,515	1,366,033	1,373,324
Repairs and maintenance	88,485	55,359	143,844	201,579
Materials and supplies	7,126	40,487	47,613	47,551
Depreciation and amortization	58,173	-	58,173	33,884
Indirect cost/street rental fees	77,964	-	77,964	84,817
Other	143,288	856,875	1,000,163	1,013,647
Total operating expenses	689,554	2,004,236	2,693,790	2,754,802
Operating income (loss)	402,922	(77,084)	325,838	335,178
Non-operating revenues:				
Interest revenue	8,755	-	8,755	10,013
Gain on sale of assets	2,000	-	2,000	-
Total non-operating revenues	10,755	-	10,755	10,013
Income (loss) before transfers	413,677	(77,084)	336,593	345,191
Contributions	267,169	-	267,169	90,848
Transfers out	(38,333)	-	(38,333)	-
Change in net position	642,513	(77,084)	565,429	436,039
Net position - beginning of year as previously stated	2,899,446	2,353	2,901,799	2,465,760
Change in accounting principle	(73,604)	(194,521)	(268,125)	-
Net position - beginning of year as restated	2,825,842	(192,168)	2,633,674	2,465,760
Net position - end of year	$ 3,468,355	$ (269,252)	$ 3,199,103	$ 2,901,799

CITY OF HURST, TEXAS

NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended September 30, 2015 with Comparative
Total for Year Ended September 30, 2014

	Stormwater	Conference & Meeting Center	Totals 2015	Totals 2014
Cash flow from operating activities:				
Receipts from customers and users	$ 1,075,453	$ 2,022,259	$ 3,097,712	$ 3,266,658
Payments to suppliers	(233,655)	(925,774)	(1,159,429)	(1,201,776)
Payments to employees	(325,980)	(1,034,977)	(1,360,957)	(1,349,893)
Payments for interfund services used	(84,817)	-	(84,817)	(78,684)
Net cash provided by operating activities	431,001	61,508	492,509	636,305
Noncapital financing activities:				
Transfers to other funds	(38,333)	-	(38,333)	-
Net cash used in noncapital financing activities	(38,333)	-	(38,333)	-
Capital and related financing activities:				
Purchases of property and equipment	(225,978)	-	(225,978)	(456,108)
Proceeds from sale of property and equipment	4,145	-	4,145	-
Net cash used in capital and related financing activities	(221,833)	-	(221,833)	(456,108)
Investing activities:				
Proceeds from sale/maturity of investments	500,000	-	500,000	300,000
Purchase of investments	(300,000)	-	(300,000)	(1,100,000)
Interest received on investments	5,877	-	5,877	9,352
Net cash provided by (used in) investing activities	205,877	-	205,877	(790,648)
Net increase (decrease) in cash and cash equivalents	376,712	61,508	438,220	(610,451)
Cash and cash equivalents - beginning of year	63,007	168,477	231,484	841,935
Cash and cash equivalents - end of year	$ 439,719	$ 229,985	$ 669,704	$ 231,484
Noncash activity:				
Capital contributions received in-kind	$ 267,169	$ -	$ 267,169	$ 90,848

(Continued)

CITY OF HURST, TEXAS

NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
Year Ended September 30, 2015 with Comparative
Total for Year Ended September 30, 2014

	Stormwater	Conference & Meeting Center	Totals 2015	Totals 2014
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 402,922	$ (77,084)	$ 325,838	$ 335,178
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	58,173	-	58,173	33,884
Change in assets and liabilities:				
Accounts receivable	(17,023)	(3,671)	(20,694)	158,986
Inventory of materials and supplies	-	(12,240)	(12,240)	(1,266)
Due to other funds	(6,853)	-	(6,853)	6,133
Prepaids and other assets	-	723	723	2,028
Accounts payable and other liabilities	(6,218)	55,002	48,784	83,670
Unearned revenue	-	98,778	98,778	17,692
Net cash provided by operating activities	$ 431,001	$ 61,508	$ 492,509	$ 636,305

CITY OF HURST, TEXAS

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2015 with Comparative
Total for September 30, 2014

	Fleet Service	Loss Reserve	Information Services	Totals 2015	Totals 2014
Assets					
Current assets:					
Cash and cash equivalents	$ 808,397	$ 366,981	$ 517,706	$ 1,693,084	$ 2,436,246
Investments	2,295,043	3,306,934	1,900,000	7,501,977	7,251,769
Inventory of supplies, at cost	34,102	-	-	34,102	44,986
Due from other funds	87,525	1,000,000	-	1,087,525	916,039
Other receivables	24,698	16,667	11,060	52,425	45,087
Total current assets	3,249,765	4,690,582	2,428,766	10,369,113	10,694,127
Property and equipment, at cost:					
Buildings and improvements	433,451	-	-	433,451	433,451
Machinery and equipment	8,648,798	-	6,980,311	15,629,109	14,555,891
Construction in progress	10,831	-	26,640	37,471	440,901
Accumulated depreciation	(7,387,682)	-	(5,704,863)	(13,092,545)	(12,767,536)
Total property and equipment	1,705,398	-	1,302,088	3,007,486	2,662,707
Total assets	4,955,163	4,690,582	3,730,854	13,376,599	13,356,834
Deferred Outflows of Resources					
Deferred contributions to pension plan	17,602	-	28,145	45,747	-
Investment experience related to pension plan	13,523	-	21,622	35,145	-
Total deferred outflows	31,125	-	49,767	80,892	-
Total assets and deferred outflows	$ 4,986,288	$ 4,690,582	$ 3,780,621	$ 13,457,491	$ 13,356,834
Liabilities					
Current liabilities:					
Accounts payable and accrued items	$ 39,577	$ 502,661	$ 69,759	$ 611,997	$ 570,680
Due to other funds	239,461	-	-	239,461	203,702
Current portion of compensated absences	6,094	-	11,068	17,162	14,849
Total current liabilities	285,132	502,661	80,827	868,620	789,231
Compensated absences	11,316	-	20,556	31,872	27,577
Net pension liability	88,891	-	140,923	229,814	-
Total liabilities	385,339	502,661	242,306	1,130,306	816,808
Deferred Inflows of Resources					
Change in pension assumptions	8,156	-	13,041	21,197	-
Net position					
Net investment in capital assets	1,705,398	-	1,302,088	3,007,486	2,662,707
Unrestricted	2,887,395	4,187,921	2,223,186	9,298,502	9,877,319
Total net position	4,592,793	4,187,921	3,525,274	12,305,988	12,540,026
Total liabilities, deferred inflows, and net position	$ 4,986,288	$ 4,690,582	$ 3,780,621	$ 13,457,491	$ 13,356,834

CITY OF HURST, TEXAS

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended September 30, 2015 with Comparative
Total for Year Ended September 30, 2014

	Fleet Service	Loss Reserve	Information Services	Totals 2015	Totals 2014
Operating revenues:					
Service fees	$ 1,634,638	$ 4,643,326	$ 1,664,303	$ 7,942,267	$ 7,452,882
Other	7,514	-	6,003	13,517	5,406
Total operating revenues	1,642,152	4,643,326	1,670,306	7,955,784	7,458,288
Operating expenses:					
Personnel services	317,630	6,056,265	505,542	6,879,437	5,949,188
Contractual services	-	-	169,539	169,539	121,916
Repairs and maintenance	52,634	-	331,647	384,281	531,109
Materials and supplies	772,127	-	395,051	1,167,178	1,250,668
Depreciation and amortization	445,626	-	317,191	762,817	665,722
Total operating expenses	1,588,017	6,056,265	1,718,970	9,363,252	8,518,603
Operating income (loss)	54,135	(1,412,939)	(48,664)	(1,407,468)	(1,060,315)
Non-operating revenues:					
Interest	12,348	22,453	11,648	46,449	47,838
Gain (loss) on sale of property and equipment	120,989	-	-	120,989	(1,478)
Total non-operating revenues	133,337	22,453	11,648	167,438	46,360
Transfers in	-	1,000,000	191,666	1,191,666	854,278
Transfers out	-	-	(12,000)	(12,000)	(492,500)
Change in net position	187,472	(390,486)	142,650	(60,364)	(652,177)
Net position - beginning of year as previously stated	4,472,519	4,578,407	3,489,100	12,540,026	13,192,203
Change in accounting principle	(67,198)	-	(106,476)	(173,674)	-
Net position - beginning of year as restated	4,405,321	4,578,407	3,382,624	12,366,352	13,192,203
Net position - end of year	$ 4,592,793	$ 4,187,921	$ 3,525,274	$ 12,305,988	$ 12,540,026

CITY OF HURST, TEXAS

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2015 with Comparative
Total for Year Ended September 30, 2014

	Fleet Service	Loss Reserve	Information Services	Totals 2015	Totals 2014
Cash flow from operating activities:					
Receipts from customers and users	$ 7,514	$ -	$ 6,003	$ 13,517	$ 5,406
Receipts from interfund services provided	1,663,911	4,643,326	1,664,303	7,971,540	7,459,388
Payments to suppliers	(812,426)	(2,883)	(1,007,952)	(1,823,261)	(2,197,888)
Payments to employees	(317,483)	(5,901,801)	(502,636)	(6,721,920)	(5,839,416)
Net cash provided by (used in) operating activities	541,516	(1,261,358)	159,718	(560,124)	(572,510)
Noncapital financing activities:					
Transfers to other funds	-	-	(12,000)	(12,000)	(492,500)
Transfers from other funds	-	835,000	191,666	1,026,666	519,278
Net cash provided by noncapital financing activities	-	835,000	179,666	1,014,666	26,778
Capital and related financing activities:					
Purchases of property and equipment	(453,956)	-	(532,651)	(986,607)	(463,711)
Net cash used in capital and related financing activities	(453,956)	-	(532,651)	(986,607)	(463,711)
Investing activities:					
Proceeds from sale/maturity of investments	450,261	2,184,558	700,000	3,334,819	1,623,033
Purchase of investments	(750,388)	(1,934,639)	(900,000)	(3,585,027)	(1,923,168)
Interest received on investments	4,655	23,654	10,802	39,111	41,430
Net cash provided by (used in) investing activities	(295,472)	273,573	(189,198)	(211,097)	(258,705)
Net decrease in cash and cash equivalents	(207,912)	(152,785)	(382,465)	(743,162)	(1,268,148)
Cash and cash equivalents - beginning of year	1,016,309	519,766	900,171	2,436,246	3,704,394
Cash and cash equivalents - end of year	$ 808,397	$ 366,981	$ 517,706	$ 1,693,084	$ 2,436,246
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 54,135	$ (1,412,939)	$ (48,664)	$ (1,407,468)	$ (1,060,315)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	445,626	-	317,191	762,817	665,722
Change in assets and liabilities:					
Inventory of supplies	10,884	-	-	10,884	(11,169)
Due to other funds	29,273	-	-	29,273	6,506
Accounts payable and other liabilities	1,598	151,581	(108,809)	44,370	(173,254)
Net cash provided by (used in) operating activities	$ 541,516	$ (1,261,358)	$ 159,718	$ (560,124)	$ (572,510)

CITY OF HURST, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
Year ended September 30, 2015

	Balance September 30, 2014	Additions	Reductions	Balance September 30, 2015
ASSETS				
Investments	$ 1,858,683	$ 426,076	$ -	$ 2,284,759
Total assets	$ 1,858,683	$ 426,076	$ -	$ 2,284,759
LIABILITIES				
Assets held for others	$ 1,858,683	$ 426,076	$ -	$ 2,284,759
Total liabilities	$ 1,858,683	$ 426,076	$ -	$ 2,284,759

CITY OF HURST, TEXAS

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
September 30, 2015

	Total	Land	Buildings and Improvements	Improvements Other than Buildings	Machinery and Equipment
General government:					
Legislative	$ 18,008	$ -	$ -	$ -	$ 18,008
Administrative	28,030,717	4,592,861	18,667,266	2,307,523	2,463,067
Public information	34,727	-	-	-	34,727
Judicial	228,414	-	1,689	3,330	223,395
Development	32,534	-	-	-	32,534
Accounting	97,470	-	-	-	97,470
Central services	293,826	-	-	-	293,826
General government buildings	23,131,863	14,988,681	5,549,586	1,889,869	703,727
Building maintenance	2,037,509	79,181	1,822,211	-	136,117
	53,905,068	19,660,723	26,040,752	4,200,722	4,002,871
Internal service funds	16,062,560	-	433,451	4,015	15,625,094
Public safety:					
Police	9,349,157	-	2,480,854	135,150	6,733,153
Fire	9,584,423	252,139	7,634,813	85,560	1,611,911
	18,933,580	252,139	10,115,667	220,710	8,345,064
Culture and recreation:					
Administration	4,852,430	1,030,637	3,749,737	29,941	42,115
Recreation	10,571,281	874,165	7,657,544	941,139	1,098,433
Aquatics	7,726,293	368,681	5,240,775	1,923,715	193,122
Parks	24,327,982	9,801,746	9,131,412	4,657,252	737,572
Library	8,998,370	206,075	7,499,049	155,058	1,138,188
	56,476,356	12,281,304	33,278,517	7,707,105	3,209,430
Public works:					
Code enforcement	83,676	-	6,591	-	77,085
Engineering	26,951,378	147,373	4,078,704	22,415,898	309,403
Streets	135,449,584	24,262,265	11,575	110,842,464	333,280
	162,484,638	24,409,638	4,096,870	133,258,362	719,768
Total governmental capital assets	307,862,202	$ 56,603,804	$ 73,965,257	$ 145,390,914	$ 31,902,227
Accumulated depreciation	(170,915,495)				
Construction in progress	33,229,540				
Total governmental capital assets	$ 170,176,247				

CITY OF HURST, TEXAS

SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND ACTIVITY

Year Ended September 30, 2015

	Balance October 1, 2014	Additions	Deductions	Transfers	Balance September 30, 2015
General government:					
Legislative	$ 18,008	$ -	$ -	$ -	$ 18,008
Administrative	28,015,817	14,900	-	-	28,030,717
Public information	34,727	-	-	-	34,727
Judicial	228,414	-	-	-	228,414
Development	32,534	-	-	-	32,534
Accounting	97,472	-	(2)	-	97,470
Central services	280,902	12,924	-	-	293,826
General government buildings	23,131,863	-	-	-	23,131,863
Building maintenance	2,037,509	-	-	-	2,037,509
	53,877,246	27,824	(2)	-	53,905,068
Internal service funds	14,989,342	1,079,583	(437,810)	431,445	16,062,560
Public safety:					
Police	8,538,622	613,167	(51,150)	248,518	9,349,157
Fire	9,483,156	103,767	(2,500)	-	9,584,423
	18,021,778	716,934	(53,650)	248,518	18,933,580
Culture and recreation:					
Administration	4,852,430	-	-	-	4,852,430
Recreation	10,585,601	-	(14,320)	-	10,571,281
Aquatics	7,726,293	-	-	-	7,726,293
Parks	24,184,364	180,099	(36,481)	-	24,327,982
Library	8,998,370	-	-	-	8,998,370
	56,347,058	180,099	(50,801)	-	56,476,356
Public works:					
Code enforcement	83,676	-	-	-	83,676
Engineering	26,947,158	-	-	4,220	26,951,378
Streets	135,285,746	26,051	-	137,787	135,449,584
	162,316,580	26,051	-	142,007	162,484,638
Total governmental capital assets	305,552,004	2,030,491	(542,263)	821,970	307,862,202
Accumulated depreciation	(163,296,743)	(8,162,345)	543,593	-	(170,915,495)
Construction in progress	20,037,325	14,049,958	-	(857,743)	33,229,540
Total governmental capital assets	$ 162,292,586	$ 7,918,104	$ 1,330	$ (35,773)	$ 170,176,247

STATISTICAL SECTION
(UNAUDITED)

CITY OF HURST
TEXAS

This part of the City of Hurst's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends **94**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **105**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity **112**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **120**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information **122**

These schedules contain information about the city's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

City of Hurst, Texas
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended			
	2006	**2007**	**2008**	**2009**
Governmental activities				
Net investment in capital assets	$ 101,461,200	$ 103,909,458	$ 106,731,805	$ 115,265,327
Restricted	16,286,657	18,098,755	18,243,351	16,181,125
Unrestricted	36,023,009	40,061,894	41,306,391	36,438,025
Total governmental activities net position	$ 153,770,866	$ 162,070,107	$ 166,281,547	$ 167,884,477
Business-type activities				
Net investment in capital assets	$ 20,480,192	$ 24,919,742	$ 27,246,257	$ 24,262,729
Restricted	297,552	1,208,706	2,128,461	3,150,747
Unrestricted	17,291,811	12,432,579	10,736,581	13,170,017
Total business-type activities net position	$ 38,069,555	$ 38,561,027	$ 40,111,299	$ 40,583,493
Primary government				
Net investment in capital assets	$ 121,941,392	$ 128,829,200	$ 133,978,062	$ 139,528,056
Restricted	16,584,209	19,307,461	20,371,812	19,331,872
Unrestricted	53,314,820	52,494,473	52,042,972	49,608,042
Total primary government net position	$ 191,840,421	$ 200,631,134	$ 206,392,846	$ 208,467,970

TABLE A-1

Fiscal Year Ended					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
$ 123,682,675	$ 123,412,159	$ 121,727,955	$ 121,033,272	$ 117,648,033	$ 120,518,416
23,953,817	19,722,460	19,694,881	18,778,425	25,403,597	21,523,706
23,437,822	28,479,875	31,841,636	31,971,587	28,731,273	23,288,849
$ 171,074,314	$ 171,614,494	$ 173,264,472	$ 171,783,284	$ 171,782,903	$ 165,330,971
$ 25,423,579	$ 27,468,477	$ 27,973,330	$ 32,065,030	$ 32,606,567	$ 33,786,264
4,442,197	5,823,608	7,231,573	8,680,903	10,031,023	11,358,914
9,886,405	9,724,120	10,649,487	7,565,755	6,500,430	3,816,191
$ 39,752,181	$ 43,016,205	$ 45,854,390	$ 48,311,688	$ 49,138,020	$ 48,961,369
$ 149,106,254	$ 150,880,636	$ 149,701,285	$ 153,098,302	$ 150,254,600	$ 154,304,680
28,396,014	25,546,068	26,926,454	27,459,328	35,434,620	32,882,620
33,324,227	38,203,995	42,491,123	39,537,342	35,231,703	27,105,040
$ 210,826,495	$ 214,630,699	$ 219,118,862	$ 220,094,972	$ 220,920,923	$ 214,292,340

City of Hurst, Texas
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2006	**2007**	**2008**	**2009**
Expenses				
Governmental activities:				
General government	$ 1,910,597	$ 2,319,325	$ 3,621,697	$ 3,020,816
Public safety	18,375,717	18,349,513	18,813,284	20,093,482
Culture and recreation	8,764,121	8,895,902	9,385,966	9,631,448
Public works	5,419,558	4,989,025	5,426,347	4,878,025
Interest expense	1,238,290	1,313,190	1,529,531	2,118,058
Total governmental activities expenses	35,708,283	35,866,955	38,776,825	39,741,829
Business-type activities:				
Water and sewer	15,794,764	15,047,571	16,136,603	16,298,745
Stormwater management services	-	-	-	-
Conference and meeting center	-	-	-	-
Total business-type activities expenses	15,794,764	15,047,571	16,136,603	16,298,745
Total primary government expenses	$ 51,503,047	$ 50,914,526	$ 54,913,428	$ 56,040,574
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 92,742	$ 7,835	$ 9,800	$ 9,120
Public safety	2,814,911	3,393,881	2,465,938	2,943,118
Culture and recreation	1,040,056	1,054,469	1,088,717	1,134,616
Public works	570,076	616,714	609,348	507,806
Operating grants and contributions	1,492,694	576,692	761,022	862,012
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	6,010,479	5,649,591	4,934,825	5,456,672
Business-type activities:				
Charges for services:				
Water and sewer services	17,543,677	14,276,412	16,520,146	16,628,683
Stormwater management services	-	-	-	-
Conference and meeting center	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	17,543,677	14,276,412	16,520,146	16,628,683
Total primary government program revenues	$ 23,554,156	$ 19,926,003	$ 21,454,971	$ 22,085,355

TABLE A-2

	Fiscal Year					
	2010	**2011**	**2012**	**2013**	**2014**	**2015**
	$ 2,801,900	$ 4,526,058	$ 3,126,927	$ 4,230,124	$ 4,337,097	$ 5,256,773
	20,382,533	20,844,894	20,466,809	21,410,618	21,306,312	23,039,603
	9,604,717	10,236,270	10,304,959	10,890,525	10,845,533	11,142,994
	4,944,232	5,044,657	4,592,603	4,873,864	4,655,157	4,756,586
	1,984,840	2,051,488	1,707,178	2,099,507	1,980,775	2,146,970
	39,718,222	42,703,367	40,198,476	43,504,638	43,124,874	46,342,926
	17,642,853	17,391,811	17,502,966	18,163,625	18,757,469	19,752,412
	560,894	602,273	610,975	653,428	730,385	689,554
	543,330	1,611,672	1,850,420	2,118,967	2,024,417	2,004,236
	18,747,077	19,605,756	19,964,361	20,936,020	21,512,271	22,446,202
	$ 58,465,299	$ 62,309,123	$ 60,162,837	$ 64,440,658	$ 64,637,145	$ 68,789,128
	$ 175,655	$ 39,950	$ 11,140	$ 14,015	$ 14,900	$ 22,670
	3,016,775	3,195,869	2,877,874	3,520,712	3,150,918	3,278,888
	1,167,016	1,261,039	1,226,934	1,151,018	1,144,472	1,004,909
	511,549	596,443	629,575	655,304	657,700	630,248
	2,271,486	1,532,532	1,550,145	844,446	669,691	738,969
	168,744	728,462	435,849	78,548	78,875	28,803
	7,311,225	7,354,295	6,731,517	6,264,043	5,716,556	5,704,487
	16,009,016	20,380,121	19,232,852	19,814,150	19,031,909	19,609,118
	1,090,340	1,093,535	1,076,413	1,081,300	1,086,935	1,094,476
	74,458	1,300,577	1,675,759	2,031,709	2,003,045	1,927,152
	-	-	-	616,666	114,148	680,309
	17,173,814	22,774,233	21,985,024	23,543,825	22,236,037	23,311,055
	$ 24,485,039	$ 30,128,528	$ 28,716,541	$ 29,807,868	$ 27,952,593	$ 29,015,542

City of Hurst, Texas
Changes in Net Position, Last Ten Fiscal Years (Continued)
(accrual basis of accounting)

	Fiscal Year			
	2006	**2007**	**2008**	**2009**
Net (Expense)/Revenue				
Governmental activities	$ (29,697,804)	$ (30,217,364)	$ (33,842,000)	$ (34,285,157)
Business-type activities	1,748,913	(771,159)	383,543	329,938
Total primary government net expense	$ (27,948,891)	$ (30,988,523)	$ (33,458,457)	$ (33,955,219)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes, penalty and interest	$ 10,620,387	$ 11,402,199	$ 12,057,602	$ 12,580,510
Sales taxes	17,414,229	18,096,683	17,751,935	16,404,613
Franchise taxes	2,860,236	2,913,152	2,893,507	3,037,070
Occupancy taxes	390,399	385,441	488,462	477,539
Interest	2,397,558	3,607,666	3,089,803	2,374,027
Miscellaneous	800,962	2,111,464	1,772,131	238,641
Transfers	-	-	-	775,687
Total governmental activities	34,483,771	38,516,605	38,053,440	35,888,087
Business-type activities:				
Interest	716,560	956,364	715,963	478,868
Miscellaneous	250,922	306,267	450,766	439,075
Transfers	-	-	-	(775,687)
Total business-type activities	967,482	1,262,631	1,166,729	142,256
Total primary government	$ 35,451,253	$ 39,779,236	$ 39,220,169	$ 36,030,343
Change in Net Position				
Governmental activities	$ 4,785,967	$ 8,299,241	$ 4,211,440	$ 1,602,930
Business-type activities	2,716,395	491,472	1,550,272	472,194
Total primary government	$ 7,502,362	$ 8,790,713	$ 5,761,712	$ 2,075,124

TABLE A-2

	Fiscal Year					
	2010	**2011**	**2012**	**2013**	**2014**	**2015**
	$ (32,406,997)	$ (35,349,072)	$ (33,466,959)	$ (37,240,595)	$ (37,408,318)	$ (40,638,439)
	(1,573,263)	3,168,477	2,020,663	2,607,805	723,766	864,853
	$ (33,980,260)	$ (32,180,595)	$ (31,446,296)	$ (34,632,790)	$ (36,684,552)	$ (39,773,586)
	$ 12,325,131	$ 12,533,019	$ 12,393,133	$ 13,191,743	$ 13,545,880	$ 14,087,316
	17,060,525	18,130,410	18,502,765	18,419,603	19,376,108	20,716,458
	2,970,646	3,127,482	2,965,411	2,953,568	3,088,049	3,038,771
	485,037	550,589	589,551	593,921	565,970	646,284
	883,025	632,620	417,154	396,545	318,888	275,954
	2,390,790	657,629	800,643	784,102	513,042	1,172,033
	(518,320)	257,503	(512,570)	38,331	-	76,667
	35,596,834	35,889,252	35,156,087	36,377,813	37,407,937	40,013,483
	214,231	183,569	141,843	117,280	102,566	104,120
	9,400	169,481	123,959	-	-	-
	518,320	(257,503)	512,570	(38,331)	-	(76,667)
	741,951	95,547	778,372	78,949	102,566	27,453
	$ 36,338,785	$ 35,984,799	$ 35,934,459	$ 36,456,762	$ 37,510,503	$ 40,040,936
	$ 3,189,837	$ 540,180	$ 1,689,128	$ (862,782)	$ (381)	$ (624,956)
	(831,312)	3,264,024	2,799,035	2,686,754	826,332	892,306
	$ 2,358,525	$ 3,804,204	$ 4,488,163	$ 1,823,972	$ 825,951	$ 267,350

City of Hurst, Texas
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2007	2008	2009
General Fund				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	2,381	1,381	1,864	-
Unreserved	10,388,097	10,723,430	11,271,171	9,369,330
Total general fund	$ 10,390,478	$ 10,724,811	$ 11,273,035	$ 9,369,330
All Other Governmental Funds				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	2,335,662	2,601,148	2,780,613	2,939,139
Unreserved, reported in:				
Special revenue funds	13,950,995	15,497,607	15,462,738	13,241,986
Capital projects funds	29,722,124	37,626,650	49,695,649	42,140,667
Total all other governmental funds	$ 46,008,781	$ 55,725,405	$ 67,939,000	$ 58,321,792

Note: The City changed the classifications used to report fund balances when it implemented GASB Statement 54 in fiscal year 2011 and applied retrospectively to the comparative information shown for fiscal year 2010.

TABLE A-3

Fiscal Year 2010	2011	2012	2013	2014	2015
$ 2,586	$ 1,803	$ 1,883	$ 1,883	$ 1,883	$ 1,883
1,267,140	1,259,818	1,601,639	1,637,359	1,854,120	2,344,861
323,735	380,220	335,771	255,713	198,349	305,069
632,498	664,696	653,976	519,597	560,867	586,595
7,122,679	7,073,761	7,452,789	7,616,609	8,389,715	9,049,255
-	-	-	-	-	-
-	-	-	-	-	-
$ 9,348,638	$ 9,380,298	$ 10,046,058	$ 10,031,161	$ 11,004,934	$ 12,287,663
$ 237,712	$ 237,712	$ -	$ -	$ -	$ -
22,448,965	18,462,642	34,575,812	28,314,389	24,936,284	19,363,093
-	-	-	-	-	-
16,971,027	17,475,636	19,607,928	21,302,952	22,228,199	18,697,454
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 39,657,704	$ 36,175,990	$ 54,183,740	$ 49,617,341	$ 47,164,483	$ 38,060,547

City of Hurst, Texas
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2007	2008	2009
Revenues				
Taxes (see table A-5)	$ 31,301,432	$ 32,807,801	$ 33,193,748	$ 32,472,549
Licenses/permits	623,247	672,220	648,096	565,492
Support from governmental entities	1,492,694	576,692	761,022	862,012
Charges for services	1,591,764	1,727,406	1,874,505	1,899,484
Fines and fees	2,179,833	2,134,395	1,989,392	2,030,024
Interest	2,031,986	3,087,167	2,130,792	2,295,943
Miscellaneous	572,840	1,744,748	1,341,244	184,025
Total revenues	39,793,796	42,750,429	41,938,799	40,309,529
Expenditures				
General government	1,581,909	2,027,721	2,492,026	2,534,972
Public safety	18,070,404	18,308,795	19,113,998	19,365,968
Culture and recreation	7,466,696	7,483,935	8,146,211	7,738,575
Public works	2,312,320	2,342,796	2,674,546	1,983,242
Capital outlay	2,643,456	5,239,085	7,194,398	18,352,790
Debt service				
Principal	1,796,531	2,057,449	2,363,367	2,559,286
Interest	1,136,844	1,376,796	1,533,234	2,051,053
Total expenditures	35,008,160	38,836,577	43,517,780	54,585,886
Excess of revenues over (under) expenditures	4,785,636	3,913,852	(1,578,981)	(14,276,357)
Other Financing Sources (Uses)				
Capital lease	-	-	-	-
Proceeds from borrowing	6,500,000	6,100,000	14,320,000	2,030,000
Proceeds from refunding	-	-	-	2,600,000
Premium on bond issuance	56,306	117,105	20,800	34,757
Payments to escrow agent	-	-	-	(2,585,000)
Transfers in	5,276,181	4,309,940	3,295,719	6,397,466
Transfers out	(5,373,921)	(4,389,940)	(3,295,719)	(5,721,779)
Total other financing sources (uses)	6,458,566	6,137,105	14,340,800	2,755,444
Net change in fund balances	$ 11,244,202	$ 10,050,957	$ 12,761,819	$ (11,520,913)
Debt service as a percentage of noncapital expenditures	9.06%	10.35%	10.94%	12.53%

TABLE A-4

Fiscal Year 2010	2011	2012	2013	2014	2015
$ 32,837,927	$ 34,332,945	$ 34,492,773	$ 35,218,498	$ 36,605,578	$ 38,494,929
734,734	640,068	664,545	713,052	725,334	707,089
2,440,230	2,241,677	1,977,424	921,963	745,240	767,772
1,913,155	1,927,918	1,836,085	2,003,246	1,893,181	1,699,806
2,083,728	2,224,380	2,460,599	2,631,489	2,520,998	2,405,478
873,080	475,670	495,265	384,411	261,494	218,049
1,741,151	593,525	1,239,389	583,476	507,367	1,068,886
42,624,005	42,436,183	43,166,080	42,456,135	43,259,192	45,362,009
2,261,416	3,010,139	2,205,316	2,164,066	2,315,113	2,976,887
19,194,093	19,690,902	19,206,211	19,999,125	20,214,409	20,798,447
7,857,643	8,329,136	8,346,440	8,685,188	8,434,981	8,436,777
1,892,440	1,656,102	1,513,196	1,753,187	1,540,946	1,754,088
28,151,295	7,622,738	4,253,081	8,128,080	14,132,822	15,866,943
2,465,204	2,711,122	3,112,129	3,218,161	3,327,924	3,459,807
1,957,078	1,833,400	1,857,766	2,162,350	2,089,622	2,206,311
63,779,169	44,853,539	40,494,139	46,110,157	52,055,817	55,499,260
(21,155,164)	(2,417,356)	2,671,941	(3,654,022)	(8,796,625)	(10,137,251)
2,164,583	-	-	-	-	490,105
-	-	15,565,000	-	7,355,000	2,625,000
-	6,465,000	1,810,000	-	5,705,000	3,235,000
-	214,911	1,355,339	-	603,685	574,285
-	(7,573,039)	(1,996,858)	-	(5,984,367)	(3,505,346)
5,619,616	4,514,611	4,382,005	4,118,286	4,084,294	3,475,606
(5,313,815)	(4,654,181)	(5,113,917)	(5,045,560)	(4,446,072)	(4,578,606)
2,470,384	(1,032,698)	16,001,569	(927,274)	7,317,540	2,316,044
$ (18,684,780)	$ (3,450,054)	$ 18,673,510	$ (4,581,296)	$ (1,479,085)	$ (7,821,207)
7.61%	12.22%	13.71%	14.27%	14.13%	13.98%

City of Hurst, Texas
Tax Revenues by Source, Governmental Funds, **TABLE A-5**
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property	Sales/ Occupancy	Mixed Beverage	Franchise	Total
2006	$ 10,636,568	$ 17,702,668	$ 101,960	$ 2,860,236	$ 31,301,432
2007	11,412,525	18,381,614	100,510	2,913,152	32,807,801
2008	12,059,844	18,139,071	101,326	2,893,507	33,193,748
2009	12,553,327	16,784,404	97,748	3,037,070	32,472,549
2010	12,321,719	17,443,126	102,436	2,970,646	32,837,927
2011	12,524,464	18,572,224	108,775	3,127,482	34,332,945
2012	12,435,046	18,996,433	95,883	2,965,411	34,492,773
2013	13,251,406	18,921,380	92,144	2,953,568	35,218,498
2014	13,575,451	19,823,691	118,387	3,088,049	36,605,578
2015	14,093,416	21,219,368	143,374	3,038,771	38,494,929
Change 2006-2015	32.50%	19.87%	40.62%	6.24%	22.98%

City of Hurst, Texas
Appraised Value of Property, **TABLE B-1**
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended 30-Sep	Residential Property	Commercial Property	Industrial Property	Appraised Value	Tax-Exempt Property	Total Direct Tax Rate
2006	$ 1,524,593	$ 950,504	$ 29,321	$ 2,504,418	$ 238,279	0.499
2007	1,552,226	989,333	30,726	2,572,285	248,238	0.518
2008	1,600,235	1,013,498	29,906	2,643,640	240,201	0.535
2009	1,612,834	1,021,395	33,316	2,667,545	230,114	0.535
2010	1,606,422	993,369	33,263	2,633,054	232,761	0.535
2011	1,576,336	932,584	32,531	2,541,451	242,157	0.578
2012	1,572,194	932,314	31,484	2,535,992	244,648	0.578
2013	1,581,124	947,359	42,682	2,571,165	248,574	0.608
2014	1,607,262	988,250	36,291	2,631,803	246,939	0.608
2015	1,685,063	1,034,091	40,550	2,759,704	251,249	0.606

Source: Tarrant County Appraisal District.

Assessed value is 100% of actual value

City of Hurst, Texas
Direct and Overlapping Property Tax Rates, **TABLE B-2**
Last Ten Fiscal Years
(rate per $100 of assessed value)

	City Direct Rates			Overlapping Rates [a]			
Fiscal Year	Basic Rate	General Debt Service	Total Direct Rate	HEB School District	Tarrant County	Hospital	Tarrant County College
2006	0.410400	0.088600	0.499	1.72300	0.27250	0.23540	0.13938
2007	0.408070	0.109930	0.518	1.59759	0.27150	0.23540	0.13938
2008	0.409554	0.125446	0.535	1.30371	0.26650	0.23040	0.13938
2009	0.405103	0.129897	0.535	1.29545	0.26400	0.22790	0.13796
2010	0.409791	0.125209	0.535	1.29545	0.26400	0.22790	0.13767
2011	0.445284	0.132716	0.578	1.28819	0.26400	0.22790	0.13764
2012	0.445369	0.132631	0.578	1.41400	0.26400	0.22790	0.14897
2013	0.445369	0.163128	0.608	1.40750	0.26400	0.22790	0.14897
2014	0.445369	0.163128	0.608	1.38750	0.26400	0.22790	0.14950
2015	0.460829	0.145171	0.606	1.37500	0.26400	0.22790	0.14950

Source: Tarrant County Appraisal District.

Notes: The City's basic property tax rate must be set according to the State of Texas' Truth-in-Taxation and other applicable laws. Truth-in-Taxation requires an effective and rollback tax rate calculation to be performed and under certain conditions the rates must be published locally. If the City Council adopts a tax rate above the rollback rate (the calculated rate required to generate 8% more operating funds than earned in the previous year), then citizens can call for a rollback election to reduce the tax rate. Rates for debt service are not subject to rollback election and are set based on each year's requirements. The State of Texas does limit the City's overall tax rate to $2.50 per $100 valuation while the City's Charter limits the overall tax rate to $1.50 per $100 valuation.

[a] Overlapping rates are those of local and county governments that apply to property owners within the City of Hurst. Not all overlapping rates apply to all Hurst property owners. In fact, some Hurst property owners pay taxes to the Birdville or Grapevine-Colleyville Independent School Districts. HEB ISD is shown above as the vast majority of Hurst residents reside within HEB ISD's boundaries.

City of Hurst, Texas
Principal Property Tax Payers,
Current Year and Nine Years Ago

TABLE B-3

	2006			2015		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Melvin Simon & Assoc Inc	$ 164,893,075	1	7.89%	$ 118,881,491	1	5.00%
Simon Property Group Tx Lp				58,500,000	2	2.46%
Westdale Hills 2013 Lp				28,222,351	3	1.19%
Wal-Mart Real Estate Bus Trust/Stores Texas LLC	23,416,461	4	1.12%	22,583,376	4	0.95%
Kelly-Moore Paint Co Inc				19,251,905	5	0.81%
Hurst City Apt Partners Ltd	15,480,601	6	0.74%	18,600,000	6	0.78%
Oncor Electric Delivery Co LLC				17,576,569	7	0.74%
Macy's Tx I Lp	14,916,869	8	0.71%	16,393,915	8	0.69%
Pipeline 13 A LP Etal				15,500,000	9	0.65%
Mayfair Station LLC				15,100,000	10	0.64%
Krg Market Street Village	26,404,680	2	1.26%			
Dillard's Department Store	23,984,155	3	1.15%			
500 Grapevine Hwy. Investors LP	19,931,535	5	0.95%			
TXU Electric Delivery Co	15,000,853	7	0.72%			
Somerset Village Partners LP	14,679,332	9	0.70%			
Lowe's Home Centers	14,057,536	10	0.67%			
Total	$ 332,765,097		15.92%	$ 330,609,607		13.91%

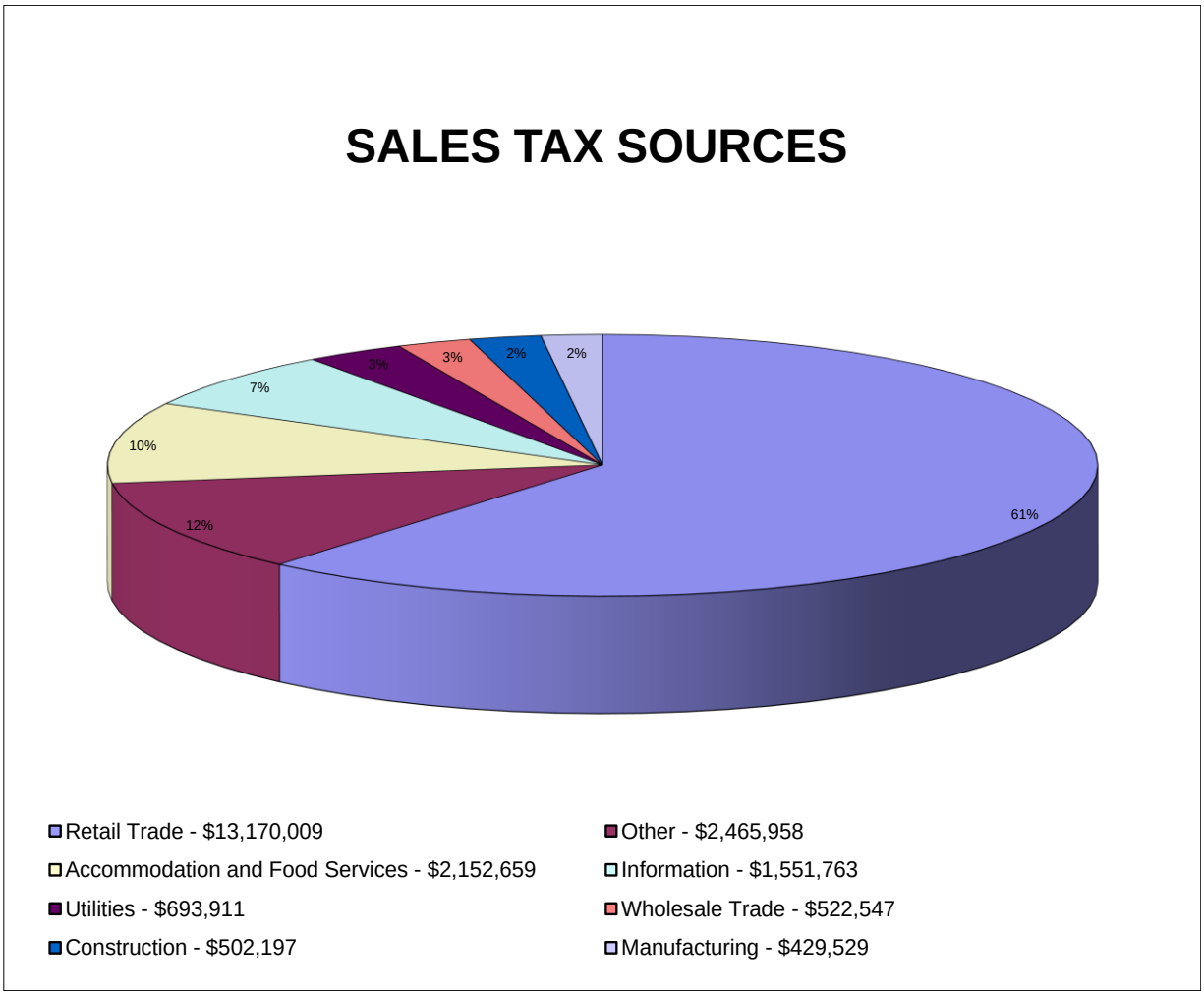
Source: Tarrant Appraisal District

City of Hurst, Texas
Property Tax Levies and Collections, **TABLE B-4**
Last Ten Fiscal Years

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Collections	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	$ 10,609,150	$ 10,490,903	98.9%	$ 92,225	$ 10,583,128	99.8%
2007	11,300,418	11,204,478	99.2%	46,000	11,250,478	99.6%
2008	12,046,674	11,932,464	99.1%	45,425	11,977,889	99.4%
2009	12,534,688	12,417,504	99.1%	47,072	12,464,576	99.4%
2010	12,323,931	12,198,061	99.0%	42,725	12,240,786	99.3%
2011	12,515,487	12,376,485	98.9%	68,729	12,445,214	99.4%
2012	12,355,434	12,248,093	99.1%	91,490	12,339,583	99.9%
2013	13,169,789	13,098,911	99.5%	69,952	13,168,863	100.0%
2014	13,492,137	13,408,082	99.4%	75,382	13,483,464	99.9%
2015	14,059,530	13,953,040	99.2%	61,963	14,015,003	99.7%

Source: Tarrant County tax assessor and collector

City of Hurst, Texas
Sales Tax Sources by NAICS Code **TABLE B-5**
September 30, 2015



Note: Information provided based on NAICS categories as reported by the State Comptroller. State law prohibits reporting of sales tax information associated with individual taxpayers.

Note: Other category includes Agriculture, Mining, Transportation, Finance, Real Estate, Professional, Management, Administrative and Support, Educational, Health Care, Arts, and Public Administration services.

City of Hurst, Texas
Sales Tax Rate & Sales Tax Revenue **TABLE B-6**
Last Ten Fiscal Years

Fiscal Year Ended 30-Sep	Sales Tax Revenue General Fund	Sales Tax Sharing General Fund	Net Sales Tax Revenue General Fund	Net Sales Tax Revenue ACHCST Fund	Sales Tax Revenue CSHCST Fund	Sales Tax Sharing CSHCST Fund	Net Sales Tax Revenue CSHCST Fund
2006	$ 9,941,407	$ 1,626,823	$ 8,314,584	$ 4,840,395	$ 4,970,702	$ 813,412	$ 4,157,290
2007	10,300,917	1,625,292	8,675,625	5,007,488	5,125,706	812,646	4,313,060
2008	10,078,798	1,554,578	8,524,220	4,864,205	5,039,473	777,289	4,262,184
2009	9,295,998	1,468,459	7,827,539	4,565,444	4,648,112	734,230	3,913,882
2010	9,138,934	724,048	8,414,886	4,335,642	4,569,585	362,024	4,207,561
2011	9,548,273	676,706	8,871,567	4,714,199	4,774,222	338,353	4,435,869
2012	9,734,599	703,694	9,030,905	4,860,403	4,867,421	351,847	4,515,574
2013	9,713,270	726,364	8,986,906	4,839,025	4,864,710	363,182	4,501,528
2014	10,086,852	605,778	9,481,074	5,028,717	5,050,819	302,889	4,747,930
2015	10,756,525	630,372	10,126,153	5,358,521	5,387,596	315,186	5,072,410

1.00% Local Sales Tax, Effective 7/1/1993
0.50% Community Services Half-Cent Sales Tax, Effective 7/1/1993
0.50% Anti-Crime Half-Cent Sales Tax, Effective 1/1/1996
2.00% Total Local Sales Tax Rate

ACHCST refers to the Anti-Crime Half-Cent Sales Tax Fund
CSHCST refers to the Community Services Half-Cent Sales Tax Fund

Note on Sales Tax Sharing: In August 1996, the City entered into agreements with Southeastern Simon, Inc. under Chapter 380, Texas Local Government Code, to promote new and expanded economic development. Per these agreements, the City will share a portion of the sales tax generated by such new and expanded business with Southeastern Simon, Inc. for a stipulated period of time. Sales tax sharing for the North East Mall expansion project began in fiscal year 2003 and covers a maximum of 20 years. Sales tax sharing for the Shops at North East Mall began in fiscal year 2002 and concluded in fiscal year 2009.

City of Hurst, Texas
Principal Water Customers **TABLE B-7**
September 30, 2015

	Consumption (1,000 Gallons)	Water Amount	Sewer Amount	Total Bill
Westdale Asset Mgr	40,351	$ 254,322	$ 40,524	$ 294,846
City of Hurst	22,218	136,676	16,574	153,250
Tarrant County JR Co	17,447	107,569	56,048	163,617
Wellesley Park Apt	15,892	102,229	72,220	174,449
GNH Hurst Partners	15,739	102,452	75,332	177,784
Hamilton Villas	11,466	77,043	63,530	140,573
Hunter Chase Apartments	10,108	66,942	53,048	119,990
Whispering Run Apartments	8,945	58,480	43,779	102,259
Northeas Mall	8,100	50,003	-	50,003
Hurst Gardens	7,557	50,395	40,761	91,156
Total	157,823	$ 1,006,110	$ 461,816	$ 1,467,926

City of Hurst, Texas
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
(principal only; dollars in thousands, except per capita)

	Governmental Activities				Business-type Activities		
Fiscal Year	General Obligation Bonds	Lease Obligation	Certificates of Obligation	Sales Tax Revenue Bonds	Water Revenue Bonds	Certificates of Obligation	Revenue & General Obligation Refunding
2006	$ 4,500	$ -	$ 18,069	$ 7,215	$ 5,745	$ 8,081	$ 2,525
2007	8,485	-	18,797	6,545	3,450	10,253	3,525
2008	10,525	-	23,373	11,885	3,130	11,627	3,235
2009	12,410	-	27,729	5,130	-	15,206	5,370
2010	11,380	2,165	27,034	4,390	-	14,566	4,770
2011	13,210	2,165	23,095	2,875	-	11,460	6,490
2012	29,320	1,822	20,300	2,225	-	9,535	6,930
2013	29,404	1,544	19,584	1,555	-	9,013	6,360
2014	30,455	1,256	24,116	1,020	-	6,781	7,392
2015	27,945	1,325	24,425	680	-	6,030	7,440

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[b] See Table D-1 for personal income and population data.

Percentage of Personal Income is calculated using Total Primary Government divided by personal income.
Per Capita is calculated using Total Primary Government divided by population.

TABLE C-1

Total Primary Government	Percentage of Personal Income [b]	Per Capita [b]
$ 46,135	4.51	$ 1,205
51,055	4.93	1,326
63,775	6.10	1,646
65,845	6.22	1,699
64,305	5.72	1,610
59,295	3.11	1,530
70,132	6.76	1,877
67,460	6.01	1,714
71,020	6.27	1,788
67,845	6.23	1,770

City of Hurst, Texas
Ratios of Net General Bonded Debt to assessed value and
Net Value Bonded Debt Per Capita
Last Ten Fiscal Years
(principal only; dollars in thousands, except per capita)

	General Bonded Debt Outstanding				
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	Less Debt Service Fund	Net Bonded Debt
2006	$ 4,500	$ 18,069	$ 22,569	$ 315	$ 22,254
2007	8,485	18,797	27,282	459	26,823
2008	10,525	17,333	27,858	485	27,373
2009	12,410	15,654	28,064	507	27,557
2010	11,380	14,959	26,339	514	25,825
2011	13,210	11,230	24,440	496	23,944
2012	29,320	20,300	49,620	449	49,171
2013	29,404	19,584	48,988	1,182	47,806
2014	30,455	24,116	54,571	1,117	53,454
2015	27,945	24,425	52,370	1,060	51,310

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. This schedule includes General Bonded Debt Outstanding for Governmental Activities Only.

[a] See Table B-1 for property value data.

[b] Population data can be found in Table D-1

TABLE C-2

Percentage of Appraised Value [a] of Property	Per Capita [b]
0.9012	$ 449
1.0606	581
1.0538	697
1.0330	706
0.9808	711
0.9421	669
1.9348	641
1.8593	1,252
2.0311	1,396
1.8593	1,338

City of Hurst, Texas
Direct and Overlapping Governmental Activities Debt **TABLE C-3**
As of September 30, 2015
(dollars in thousands)

Governmental Unit	Net Debt Outstanding		Estimated Percentage Applicable [a]	Estimated Share of Direct and Overlapping Debt
Direct				
City of Hurst	$ 54,375		100%	$ 54,375
Debt repaid with property taxes				
Hurst-Euless-Bedford Independent School District	302,606		14.77%	44,695
Birdville Independent School District	247,053		12.15%	30,017
Grapevine/Colleyville Independent School District	418,669		0.56%	2,345
Tarrant County	360,514		1.74%	6,273
Tarrant County College	23,440		1.74%	408
Tarrant County Hospital District	771,228	*	0.26%	2,005
Subtotal, overlapping debt				85,742
Total direct and overlapping debt				$ 140,117

[a] The estimated percentage of overlapping debt applicable is provided by the Municipal Advisory Council of Texas. Overlapping rates are those of local and county governments that apply to property owners within the City. The percentage is estimated using assessed property values within the overlapping jurisdiction's boundaries.

City of Hurst, Texas
Legal Debt Margin Information, **TABLE C-4**

The City of Hurst does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed valuation, for cities operating under a Home Rule Charter. The City's Charter provides that general property taxes are limited to $1.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

The City's tax margin for the year ended September 30, 2015 was:

Maximum rate per $100 valuation under Article XI	$	2.500000
City of Hurst's 2014-15 rate		0.606000
Margin	$	1.894000

City of Hurst, Texas
Pledged-Revenue Coverage,
Last Ten Fiscal Years

	Water Revenue Bonds					
		Less:	Net	Debt Service		
Fiscal Year	Gross Revenue	Operating Expenses	Available Revenue	Principal	Interest	Coverage
2006	$ 18,260,263	$ 13,883,950	$ 4,376,313	$ 415,000	$ 307,273	6.06
2007	15,232,776	13,129,157	2,103,619	450,000	286,503	2.86
2008	17,236,109	14,224,391	3,011,718	320,000	161,730	6.25
2009	17,107,551	14,327,423	2,780,128	335,000	145,930	5.78
2010	17,387,284	16,538,863	848,421	-	-	-
2011	20,557,055	17,385,994	3,171,061	-	-	-
2012	19,365,425	17,463,816	1,901,609	-	-	-
2013	19,922,694	18,004,763	1,917,931	-	-	-
2014	19,125,902	18,556,729	569,173	-	-	-
2015	19,686,799	19,483,803	202,996	-	-	-

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[a] Sales tax revenue bonds are backed by the sales tax revenue produced by the Half-Cent Community Services Development Corporation (HCCSDC).

[b] Excludes one-time, pay-as-you-go capital project costs.

TABLE C-5

Sales Tax Revenue Bonds [a]					
HCCSDC Sales Tax Revenue	Less: Operating Expenses [b]	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
$ 4,157,290	$ 2,229,662	$ 1,927,628	$ 640,000	$ 315,379	2.02
4,313,060	2,183,025	2,130,035	670,000	287,091	2.23
4,262,184	2,258,050	2,004,134	695,000	258,660	2.10
3,913,882	2,305,120	1,608,762	720,000	237,778	1.68
4,207,561	2,224,925	1,982,636	740,000	214,098	2.08
4,435,869	2,522,416	1,913,453	630,000	17,291	2.96
4,515,574	2,448,519	2,067,055	650,000	69,000	2.87
4,501,528	2,467,786	2,033,742	670,000	53,400	2.81
4,747,930	2,409,652	2,338,278	535,000	37,320	4.09
5,072,410	2,525,601	2,546,809	340,000	24,480	6.99

City of Hurst, Texas
Demographic and Economic Statistics,
Last Ten Calendar Years **TABLE D-1**

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2006	38,300	$ 1,022,993	$ 26,710	37.3	13.8	6,287	4.8%
2007	38,500	1,034,572	26,872	37.4	13.8	6,317	4.3%
2008	38,750	1,044,971	26,967	37.1	13.5	6,425	4.8%
2009	38,750	1,059,076	27,331	36.9	13.5	6,532	7.5%
2010	38,600	1,085,934	28,133	36.9	13.5	6,688	7.7%
2011	37,330	1,050,205	28,133	38.2	13.5	6,756	7.6%
2012	37,360	1,036,516	27,744	38.8	13.5	6,265	6.0%
2013	38,194	1,088,987	28,512	38.8	13.5	6,521	5.8%
2014	38,280	1,091,439	28,512	38.8	13.5	6,636	4.9%
2015	38,340	1,089,354	28,413	37.9	13.2	6,707	3.8%

Sources: Population provided by the North Central Texas Council of Governments. Median age, education level, and personal income data provided by CLARITAS. Unemployment data provided by Texas Workforce Commission. School enrollment data provided by Texas Education Agency.

Note: Personal income is in thousands

City of Hurst, Texas
Principal Employers,
Current Year and Nine Years Ago

TABLE D-2

	2006			2015		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Bell Helicopter Textron, Inc.	6,000	1	29.82%	4,000	1	19.80%
North East Mall (Collective employment of stores other than major employers listed)	400	6	1.99%	1,706	2	8.45%
Shops at Northeast Mall (Outside)	450	4	2.24%	800	3	3.96%
Tarrant County College	600	2	2.98%	575	4	2.85%
Walmart Supercenter				479	5	2.37%
City of Hurst	333	9	1.65%	400	6	1.98%
Dillard's Department Store	375	8	1.86%	338	7	1.67%
Macy's				231	8	1.14%
J.C. Penney Company				225	9	1.11%
Target Superstore	425	5	2.11%	210	10	1.04%
HEB ISD	500	3	2.48%			
Lowe's	400	6	1.99%			
Nordstrom's	270	10	1.34%			
Total	9,753		48.47%	8,964		44.38%

Source: City Economic Development Division/City Records

City of Hurst, Texas
Full-time Equivalents City Government Employees by Function/Program,
Last Ten Fiscal Years

	Fiscal Year				
Function/Program	**2006**	**2007**	**2008**	**2009**	**2010**
General government					
Management services	7.5	7.5	6.5	7.0	7.0
Finance	9.0	9.0	10.0	11.0	11.0
Planning	2.0	2.0	2.0	3.0	3.0
Building	2.0	2.0	2.0	2.0	2.0
Other	27.5	27.5	26.5	27.0	28.0
Conference center	-	-	-	-	-
Police					
Officers	72.0	74.0	74.0	74.0	74.0
Civilians	47.5	47.5	49.5	49.5	51.3
Fire					
Firefighters and officers	55.0	55.0	56.0	56.0	56.0
Civilians	2.0	2.0	1.5	1.5	1.5
Refuse collection					
Other public works					
Engineering	9.0	9.0	9.0	10.5	10.5
Other	25.5	25.5	25.5	25.0	25.0
Parks and recreation	66.3	67.3	67.3	68.0	68.0
Library	27.5	27.5	27.5	29.0	29.0
Water	28.0	28.0	29.0	29.0	29.0
Wastewater	9.5	9.5	9.5	9.0	9.0
Total	390.3	393.3	395.8	401.5	404.3

Source: City Personnel Office.

TABLE E-1

Fiscal Year				
2011	**2012**	**2013**	**2014**	**2015**
7.0	7.0	8.5	8.5	8.7
10.0	10.0	10.0	10.0	10.0
3.0	6.0	6.0	6.0	6.0
2.0	2.0	2.0	2.0	3.0
25.0	23.5	26.5	26.5	38.2
-	-	-	30.0	21.3
74.0	74.0	73.0	72.0	75.0
51.3	51.3	52.5	48.5	54.5
56.0	55.0	60.0	60.0	56.0
1.5	1.5	1.5	1.5	1.9
10.5	7.5	9.0	9.0	8.7
25.8	22.0	22.0	22.0	19.6
66.3	52.0	44.5	44.5	67.2
30.0	31.0	28.5	28.5	27.5
29.8	26.5	26.0	26.0	23.7
9.0	9.0	9.0	9.0	9.0
401.2	378.3	379.0	404.0	430.3

City of Hurst, Texas
Operating Indicators by Function/Program,
Last Eight Fiscal Years

	Fiscal Year			
Function/Program	**2007**	**2008**	**2009**	**2010**
General government				
Building permits issued				
Commercial				
Number issued	110	93	114	119
Estimated cost	$15,843,690	$19,282,222	$41,935,742	$18,889,983
Residential				
Number issued	26	90	135	144
Estimated cost	$4,673,360	$2,470,978	$1,770,586	$2,626,350
Public safety				
Police				
Physical arrests	3,652	3,645	3,731	3,623
Parking violations	278	213	196	258
Traffic violations	18,376	16,833	16,861	20,990
Fire/Emergency Medical Services				
Emergency responses	4,301	4,382	4,149	4,265
Patients transported	1,979	1,957	1,871	1,959
Fires extinguished	68	118	103	133
Average Response Time:				
Fire	4:00	4:49	4:46	4:43
EMS	4:00	4:42	4:46	4:51
Inspections	1,001	1,200	1,113	812
Public Works				
Street resurfacing (miles)	22.8	27.0	11.7	17.8
Potholes repaired (sq. yards)	210,000	200,000	84,000	63,000
Culture and recreation				
Parks and recreation				
Athletic field reservations issued	125	100	141	86
Recreation center admissions	386,676	407,727	439,814	421,416
Library				
Volumes in collection	141,223	140,226	141,476	135,206
Total volumes borrowed	441,187	424,561	428,121	420,664
Water and sewer				
Water customer billings at 9/30	-	12,094	12,238	12,245
Water main breaks	48	36	34	28
Average daily consumption (millions of gallons)	4.86	5.66	5.32	5.90

Sources: Various city departments.
Note: Statistics for years prior to 2007 were not maintained for all information presented.

TABLE E-2

Fiscal Year				
2011	**2012**	**2013**	**2014**	**2015**
134	156	165	136	111
$15,979,899	$20,436,524	$53,890,287	$14,761,218	$34,515,346
121	92	141	144	128
$2,212,308	$2,310,930	$3,994,351	$4,787,971	$3,111,349
3,353	3,250	3,088	2,857	2,897
469	421	186	141	197
17,602	16,311	14,161	17,894	15,996
4,503	4,735	4,597	4,468	4,702
2,023	2,281	2,209	2,170	2,040
171	118	106	91	86
4:47	5:03	4:36	5:11	5:01
4:45	4:45	4:43	5:06	5:03
988	1463	1545	1,412	847
17.8	7.6	9.3	5.32	8.37
65,000	52,000	43,000	26,000	11,537
129	184	120	88	92
341,228	342,961	368,034	296,719	290,380
143,544	150,197	160,844	161,608	142,851
387,486	428,484	444,705	434,205	405,826
12,240	12,155	11,526	12,237	12,226
36	38	38	56	84
5.92	5.63	5.65	5.16	4.96

City of Hurst, Texas
Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years

	Fiscal Year Ended				
Function/Program	**2006**	**2007**	**2008**	**2009**	**2010**
Police					
Stations	1	1	1	1	1
Store fronts	2	2	2	2	2
Patrol units	20	32	26	26	28
Fire stations	3	3	3	3	3
Other public works					
Streets (miles)	140	140	140	140	141
Traffic signals	49	49	49	50	50
Parks and recreation					
Acreage	288	288	288	290	290
Playgrounds	15	15	15	15	16
Family aquatic centers	2	2	2	2	2
Water					
Water mains (miles)	155.50	198.00	198.00	199.70	200.0
Fire hydrants	1,228	1,257	1,257	1,260	1,269
Storage capacity (millions of gallons)	9.40	9.40	9.40	9.40	9.40
Wastewater					
Sanitary sewers (miles)	155.50	174.50	174.50	164.50	163.00
Storm sewers (miles)	76.00	76.00	76.00	77.00	86.00

Sources: Various city departments.

TABLE E-3

Fiscal Year Ended				
2011	**2012**	**2013**	**2014**	**2015**
1	1	1	1	1
2	2	2	2	3
26	29	30	30	27
3	3	3	3	3
146	146	146	146	146
41	41	41	55	55
280	280	280	280	290
16	16	16	16	16
2	2	2	2	2
211.0	202.5	204.0	199.0	201.1
1,268	1,196	1,268	1,205	1,233
8.90	8.90	8.30	8.00	9.40
156.00	155.00	156.00	154.20	153.06
86.00	86.00	86.00	86.00	88.95

CITY OF HURST
TEXAS